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DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEARS 1988 AND 1989

HEARINGS

BEFORE THE

COMMITTEE ON ARMED SERVICES
UNITED STATES SENATE

ONE HUNDREDTH CONGRESS

FIRST SESSION

ON

S. 1174

AUTHORIZING APPROPRIATIONS FOR FISCAL YEARS 1988 AND 1989 FOR MILITARY ACTIVITIES OF THE DEPARTMENT OF DEFENSE, FOR MILITARY CONSTRUCTION, AND FOR DEFENSE ACTIVITIES OF THE DEPARTMENT OF ENERGY, TO PRESCRIBE PERSONNEL STRENGTHS FOR SUCH FISCAL YEARS FOR THE ARMED FORCES, AND FOR OTHER PURPOSES

PART 3
MANPOWER AND PERSONNEL

MARCH 3, 10, 18, 24, 31, 1987

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DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEARS 1988 AND 1989

TUESDAY, MARCH 3, 1987

U.S. SENATE,
MANPOWER AND PERSONNEL SUBCOMMITTEE,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

MANPOWER NEEDS FOR THE TOTAL FORCE

The subcommittee met in open session, pursuant to notice, at 10:05 a.m. in room SR-232A, Russell Senate Office Building, Senator John Glenn (chairman) presiding.

Present: Senators Glenn, Nunn, Exon, Kennedy, Shelby, Warner, Wilson, Symms, and McCain.

Staff present: Arnold L. Punaro, staff director; Jeffrey H. Smith, general counsel; David S. Lyles, Frederick F.Y. Pang, and Patricia L. Watson, professional staff members; Debra A. Rice, staff assistant.

Also present: Jeffrey B. Subko, assistant to Senator Exon; Gregory B. Craig, assistant to Senator Kennedy; Phillip P. Upschulte, assistant to Senator Glenn; Jeffrey Hyche, assistant to Senator Shelby; William J. Wight, assistant to Senator Warner; Mark J. Albrecht, assistant to Senator Wilson; and Samuel J. Routson, assistant to Senator Symms.

OPENING STATEMENT OF SENATOR JOHN GLENN, CHAIRMAN

Senator GLENN. The hearing will be in order.

I apologize for the delay in beginning the meeting this morning. Can you hear me all right? It is not very loud. We redecorated the room and the speakers went down, Sam.

I apologize for the delay. We had another matter that came up this morning that we had to discuss, so we had to delay the beginning of the hearing for a few moments.

The subcommittee meets today to begin the first of four hearings on the manpower and personnel portion of the defense authorization request for fiscal years 1988 and 1989. I want to extend a special welcome to the new members of the subcommittee, Senator Shelby, Senator Symms, and Senator McCain.

The work of this subcommittee is some of the most important work of the Armed Services Committee because it touches the lives of every single man and woman in uniform. I know you will find the subcommittee work, gentlemen, very challenging and rewarding.

This will be the first year that we are dealing with a 2-year budget for the Defense Department. I want you to know that I think this is a good effort, and I want to do all I can to make it work. At the same time I must tell you the budget realities make the full 2-year authorization difficult. We will have to work hard together to make it work.

Since the 100th Congress convened, the Armed Services Committee has held a number of hearings on our national military strategy. The strategy hearings have provided a useful context for our subcommittee hearings on manpower and personnel because our ability to field a military force in the numbers and the skills and experience needed has a powerful effect on how we employ our military forces to support our national strategy.

In the last month, the staff of this subcommittee has received detailed briefings from the military services on the manpower and personnel programs in the fiscal years 1988 and 1989 budget. These briefings have been very useful to the subcommittee. The information from these staff briefings will supplement the information and views that we gather in these hearings on the President's fiscal years 1988 and 1989 defense budget.

Adopting a Federal budget in Congress gets harder every year, and this year is no exception. If we are going to meet the $108 billion Gramm-Rudman deficit target for fiscal year 1988 and avoid a sequester this fall, we will have our work cut out for us indeed.

The fiscal years 1988 and 1989 defense budget represents a reasonable and legitimate request as far as national defense goes. Unfortunately, the rest of the Federal budget for fiscal year 1988 is full of unrealistic assumptions and unwise proposals, in my view. But we cannot act on the defense budget in isolation from the rest of the Federal budget.

The defense budget is going to have to bear its fair share of the burden in reaching this deficit target, and there is going to be a lot of pressure on the manpower accounts because of their high first-year outlay rate.

Now I am optimistic about the military personnel programs. While we have had the same budget pressures for the last several years, I think Congress has realized the importance of these military personnel programs. In the past, we have fended off efforts to make serious cuts, and have even added some improvements.

In brief review, there has been a military pay raise each year. In fact, for four out of the last seven fiscal years' military members have gotten a higher pay raise than Federal civilian employees. Some of that can be looked at as catching up—I know that.

Also we have increased the overall level of PCS, permanent change of station, reimbursements, although we still have more to do in that area. If you look at what civilians in the Government service get when they transfer from one place to another compared to the military, it is not much comparison, but we have been improving that slowly and we want to do more work in that area.

Despite the extraordinary pressures to reduce the Federal deficit, the changes to the military retirement system adopted last year are completely prospective. While these changes do affect those retiring in 20 years, those service members who stay a full 30 years and all military retirees after aged 62 will receive essentially the same benefits as those who entered service before the reform was enacted.

Last, we have authorized and funded a new dental CHAMPUS program which should go into effect by the end of this fiscal year.

This record clearly shows that Congress realizes that our investment in national defense and our efforts to recruit and retain high quality individuals in our military services will be wasted if we do not keep faith with our men and women in uniform.

The four hearings that we have scheduled are designed to review all aspects of our manpower and personnel programs. The hearings will revolve around several broad themes or questions which include the status of the total force policy in the Department of Defense. This policy has never been reviewed in detail since its inception in 1973.

Another is the cost and utility of our reserve forces. In recent years Congress has emphasized the need to capitalize on the relatively low cost of reserve forces and expand their role in complementing the active force. How well is this initiative working in the military services?

RECRUITING AND RETENTION

How can the military services best meet their active and reserve forces manpower goals over the next 10 years in the face of the declining population of 18- to 21-year-olds? To what extent will this problem be magnified by the need to recruit and retain well-educated personnel capable of operating and maintaining technologically more sophisticated weapons' systems?

BUDGETARY CONSIDERATIONS

What will be the impact of essentially static defense budgets on the level of military pay and benefits and the ability of the services to achieve their recruiting and retention objectives?

THE MILITARY MEDICAL SYSTEM

What progress has the Defense Department made in improving its wartime medical care capability—wartime medical care capability—as well as the quality of peacetime medical care?

Our hearing today will focus on the first of these major issues, namely the manpower needs of the total force. We will hear from our witnesses individually on two separate levels, on the adequacy of proposed strength levels, the manpower readiness of our forces, the effectiveness of the proposed force mix, and on the status of actions reported to the committee in 1984 to improve force mix decisionmaking.

Next we will follow up with a hearing on the 10th of March on recruiting and retention for the total force at which we will focus on manpower and compensation policies necessary to man our forces with the numbers and types of personnel we need.

Our third hearing on the 18th of March will address the issues of medical readiness and medical support.

And our fourth hearing on the 24th of March will elicit testimony on the subjects covered in the first three hearings from senior enlisted personnel in each of the military services, as well as from public witnesses on the subjects.

This is a little longer opening statement than I prefer to make, ladies and gentlemen, but I thought it was good to outline what the subcommittee's plans are, regarding these areas that are of vital importance to our overall defense establishment.

At this time, I want to welcome our witnesses. For our first panel we are pleased to have Mr. Chapman Cox, the Assistant Secretary of Defense for Force Management and Personnel; and the personnel chiefs of the services.

For our second panel we are pleased to have Mr. Dennis Shaw, the Principal Deputy Assistant Secretary of Defense for Reserve Affairs, and the chiefs of each of the reserve components.

I would like to ask our witnesses to submit their written statements for the record, and we appreciate your preparing them. We prefer not to take up our subcommittee time today reading those statements, which we will have available for the record.

Because of time contraints and in the interest of getting to as many of the substantive questions as we have, I have asked Mr. Cox to start by giving us a brief summary of the manpower program for the Department of Defense. And following his opening comments, he will be joined at the table by the witnesses from the services who will be available to respond to questions about their particular services.

We will follow the same procedure with Mr. Shaw and the reserve component witnesses when we turn to the second panel.

Before proceeding, I would like to recognize Senator Wilson, ranking minority member of the committee. In the last Congress, our roles were just reversed. He served as subcommittee chairman, and I was ranking minority member. I do not feel this reversal in roles will make any substantive or any real difference, quite honestly, in the way this subcommittee operates.

There are no significant partisan differences when it comes to meeting the manpower needs of our military services, nor our troops. Senator Wilson and I worked very closely together in the last Congress. I do not think we approached issues on a partisan basis, and I think that is the way this subcommittee should be operating, because what is best for our military should not be a matter of partisan politics.

We have worked closely together, and I look forward to continuing that relation in this 100th Congress.

Senator Wilson.

Senator WILSON. Thank you very much, Mr. Chairman.

First let me say that I want to thank you again for the cooperation which you extended to me when for the past 2 years I served as the Chair of this subcommittee. The importance of the work of this subcommittee is difficult to overemphasize, and your cooperation and friendship and hard work in the past 2 years I think has produced, along with the other members of the committee, some very good work.

During the past 2 years, we worked closely together on a number of important issues, including military retirement, improvement of compensation for members, improvement of the survivor benefit plan, the proper role of reserves in our force structure, and the reform of our medical system for the military.

Some of these issues have been, if not put to rest, at least I think dealt with in substantial fashion. I think in particular the active duty retirement and the survivor benefit program. But others require continued attention, and I think that perhaps the CHAMPUS reform initiative that has been begun, one that I think holds great promise.

I think we have worked well together on these matters in the past, and I am sure that we will in the future. I join with you, Mr. Chairman, in welcoming all the witnesses here this morning. We should be able to hear a broad spectrum of views on the future manpower needs of the Armed Forces from these various witnesses.

At the outset of these hearings, let me observe that we will be considering requests for manpower authorizations for the first time for both fiscal years 1988 and 1989. The 2-year budget has been a goal of the Senate Armed Services Committee for a number of years. I hope that the committee can finally attain that goal and lead others in Congress to see the wisdom of longer budget cycles.

It obviously has great benefits in terms of defense authorization, and on a broader front I think would permit Congress to more effectively perform its oversight responsibilities. I hope that this subcommittee will work to ensure that this long-held goal will be fulfilled for the entire defense budget.

Mr. Chairman, as I said repeatedly last year, I believe that we must confront the fact that there are only three ways to make major savings on manpower costs. First, the size of the forces can be reduced. Second, pay levels for the forces can be held in check. Third, the mix of the forces can be changed either by reducing the experience levels of the force or by placing greater reliance on reserve forces.

Obviously each of these alternatives has unfavorable aspects. Reducing the size of our Armed Forces when there is no reduction in the missions those forces are asked to perform is a very difficult thing to justify.

Similarly, reducing or restraining pay levels below those in the private sector, or below the level at which our military personnel and their families can decently live is both unfair and perhaps the quickest way to return to the conditions of the late 1970s when our personnel readiness was at an all-time low.

And asking our reserve forces to assume too great a share of our military responsibilities in the name of deficit reduction can lead to a serious imbalance in our warfighting capability, as has been most recently described in some detail by the outgoing Assistant Secretary of Defense for Reserve Affairs, the Honorable Jim Webb.

These are some of the issues that we must focus on this year, Mr. Chairman, and I know that you share my concern for the readiness of our Armed Forces. Working together, I hope that we can fashion workable solutions to these problems, and I look forward to working with you and the other members of the subcommittee. I think we have assembled a very good group here.

Senator GLENN. Thank you, Senator Wilson.

We are also honored today to have the chairman of the full committee, Senator Nunn, and Senator Warner, ranking minority member. They are ex officio members of all the subcommittees, and we are glad they are here with us this morning.

Sam, do you have any comments you want to make?

Chairman **Nunn**. No. Thank you, Mr. Chairman.

Senator **Glenn**. John.

Senator **Warner**. Mr. Chairman, I must say that I was deeply moved by your expressions with respect to your colleague, Mr. Wilson. I thought that was above and beyond the call of duty.

Senator **Glenn**. He did an outstanding job last year.

Are there any comments from any of the other members before we start?

Senator Kennedy.

Senator **Kennedy**. I just want to reiterate, Mr. Chairman, and I think all of us here on this committee agree that you should be commended for calling these hearings highlighting the important issues of military pay, health care, change of station and also the question of employment for spouses.

I think at some time we are going to have to make some tough decisions and choices. We will hear a great deal, I imagine, about the most important weapon we have, our military personnel. I believe that. And we face a number of difficult issues.

We had some very interesting graphs the other day in terms of flow lines of weapons systems. What we have not seen is the flow line on what the adequate and fair compensation and support services for the military personnel are. We are going to have to decide what the priorities are in this area, and I just want to indicate to the Chair that I look forward to working with the chairman and the ranking minority to ensure that we are going to meet our responsibilities in these areas.

I would agree with others that we have failed our military personnel in the past, and I think it is imperative that we are not going to be dollar wise and pound foolish by skimming in terms of these very important support services, given the change in the nature of the military personnel, increased number of married personnel, and the kinds of responsibilities which they are living up to.

So I thank the Chair, and in the interest of time conclude my statement.

Senator **Glenn**. Thank you.

You can see what we are up against on time, gentlemen. This [indicating] is the testimony. If we read that, the hearing would probably last into the evening hours. We are not trying to get people to withhold important items that they want to present to the subcommittee. That is the purpose of our being here. But I am sure this [indicating testimony] is not all items of that importance, and we can probably read it at our more leisurely pace, and we welcome any summary of the statements that can be made.

Mr. Cox, welcome this morning. We are glad to have you with us, and we look forward to your testimony.

STATEMENT OF HON. CHAPMAN B. COX, ASSISTANT SECRETARY OF DEFENSE FOR FORCE MANAGEMENT AND PERSONNEL, ACCOMPANIED BY LT. GEN. ROBERT M. ELTON, USA, DEPUTY CHIEF OF STAFF FOR PERSONNEL; VICE ADM. DUDLEY L. CARLSON, USN, DEPUTY CHIEF OF NAVAL OPERATIONS (MANPOWER, PERSONNEL AND TRAINING); LT. GEN. THOMAS J. HICKEY, USAF, DEPUTY CHIEF OF STAFF FOR PERSONNEL; AND LT. GEN. E.C. CHEATHAM, USMC, DEPUTY CHIEF OF STAFF FOR MANPOWER

Mr. Cox. Thank you, Mr. Chairman.

Good morning, gentlemen. It is a pleasure for me to appear before this committee which over the years has done so much for our servicemen and women.

My testimony, as you have indicated, focuses on the principal responsibility of my office which is to acquire and maintain a total force of superior quality. The total force includes all of our human resources—active, reserve, and retired military personnel; Department of Defense civilian employees; and the employees of contractors who perform DOD functions.

I appreciate your accepting my lengthy written statement for the record, sir, and I would like to just summarize some of that statement now orally.

I would like to highlight three topics in this oral summary. First, total force planning; second, some force management issues that are currently of concern to us; and third, the quality of our people.

First with respect to total force planning, our manpower request is based on our commitment to the total force concept. Meeting national security objectives pursuant to this concept requires effective sizing and balancing of the active components, the reserves, civilian personnel, and private sector contractors. In general, it is the Department's policy to use the least costly form of manpower which has the capability to perform the respective function effectively.

The active peacetime component is sized as small as national security policy, military strategy, and overseas' commitments will permit. In addition, a primary criterion in determining whether a military unit shall be active or reserve is the level of responsiveness required.

Support missions are staffed by uniformed members only when necessary to meet training, rotation, and specific wartime requirements. Most support requirements are met by civilians. Functions which are inherently governmental or military are performed by military or civilian employees of the Government. For other functions, decisions whether to use Government employees or contractors depend on which can provide services most efficiently.

The Defense Manpower Requirements Report outlines the process and procedures used in evaluating and establishing manpower requirements. Our manpower requests in fiscal years 1988 and 1989 reflect the dynamics of this process.

Between 1980 and 1987, active component manpower grew by only 1 percent per year. The requested growth during fiscal years 1988 and 1989 is an average growth of only two-tenths of 1 percent net.

In contrast, the selected reserve grew by almost 5 percent per year between 1980 and 1987, and will grow an additional 16 percent by 1989. Civilian manpower has grown by only 2 percent per year between 1980 and 1987, and no significant growth is requested in fiscal years 1988 and 1989.

We are constantly reviewing the appropriate mix among categories. For instance, about 1 percent of active component positions will convert to civilian positions between 1983 and 1989, and an estimated 6,000 military and civilian requirements are reduced or transferred to the private sector each year as a result of the commercial activities studies process.

The total adjustments in manpower requirements reflect changes in equipment, force structure, and threat assessment as well as application of manpower management policies.

Now, I would like to summarize some of the issues relating to these manpower management policies. We have taken several steps recently to strengthen the manpower requirements determination process.

First, I have established a deputy for resource management and support and a deputy for mobilization, planning and requirements, to focus and to emphasize our tools and processes which establish and evaluate manpower requirements.

Second, the Secretary has established a formal steering group which I chair, which will be an integral part of the weapons acquisitions process and whose duty it is to ensure manpower personnel, training and safety considerations are taken into account in the development of a weapons system.

Third, we are currently sponsoring a number of independent research efforts that will enhance both the Department's and the services' ability to make force mix decisions. I would like to give you just a few examples of these initiatives.

One of these efforts responds to the widely recognized need for a consistent, rational framework for estimating the costs of active and reserve unit conversions. A draft methodology has been developed and will be tested this year. This methodology is expected to provide the basis for consistent costing guidelines which can be used by all of the services in the future.

Another example: A separate but related research effort is also being undertaken which will determine the relative cost and productivity of active military, DOD civilian, and contractor personnel.

And a final example: We have initiated a research effort that will examine our requirements determination policies at the Department level, how the services apply them at the service level, and how we can improve this integrated process and make it more accountable.

A fourth management issue: We are taking aggressive steps, with your support, to improve our method and process for evaluating the composition of our active components. We have extreme concern regarding the officer reductions mandated by the last Congress. The cumulative reductions will drive the fiscal year 1989 officer structure below the 1983 level, which may severely impact military capability.

As you know, we are taking the 5,259 officer reductions from the programmed 1987 end strength in compliance with the law, but without full knowledge of what impact these decreases will have on force readiness. As the Secretary of Defense indicated in his report on officer reductions, we have commissioned a study to review and explain the growth of the officer structure.

We are reviewing the potential implications of further reductions and will share that review with you. We will defend only the officer requirements that we can justify. But I respectfully request your patience until the data are available.

A fifth management issue: For some time we have struggled with the congressionally mandated ceiling on general and flag officers. Of the last 5 years, Congress has also recognized the adverse impact of the ceiling and has granted specific grade relief at the three- and four-star grades, but has not seen fit to act on our comprehensive flag and general officer legislation, which would provide a long term fix to the problem.

In an effort to present an independent and respected analysis of the underlying issues, we have commissioned a recognized leader in the field of resources management to conduct an overall DOD general and flag officer requirements study.

The goal of the study is to develop a common methodology acceptable to the Congress which can be used by each service under DOD oversight to determine and evaluate their general and flag officer requirements.

A sixth issue: DOD is very proud of its efforts to improve the productivity and efficiency of its operations. It has been a leader in the Government in developing tools and policies which will enable our military and civilian work force to accomplish national security missions at less cost to the taxpayer.

These include the efficiency review process, productivity enhancing capital investments, and work force motivation policies and programs. They have resulted in significant operational improvements and the release of substantial resources for reapplication to other defense needs.

Finally, the Department strongly endorses the continuation of ceiling-free management of the civilian work force based on the level of funded work loads approved by Congress. The benefits of this flexibility also apply to other specific ceilings mandated by Congress. Subceilings on military and civilian manpower by theater, by grade, or by country reduce the Department's ability to manage efficiently and to respond to changing mission needs.

The final topic I would like to summarize is the quality of our force. High quality service members are the backbone of our Nation's defense. Our program for acquiring and maintaining servicemen and women from enlistment through retirement is one of the most important aspects of our defense effort.

Today we are recruiting the highest quality personnel in history. We also have the right experience mix. The shortfalls of noncommissioned officers which plagued us in the seventies are being filled with competent, motivated professionals. The backbone of the force is strong.

Since 1980, the services have achieved their enlisted recruiting objectives, despite continued improvement in our Nation's economy, reduced youth unemployment, and continuing decline in the size of the eligible youth population.

Recruit quality remains at record high levels and is significantly higher than the average of the eligible youth population from which we recruit. For example, in fiscal year 1986, 92 percent of all recruits were high school diploma graduates, and 96 percent scored average or above in the enlistment skills test.

The services' ability to offset demographic changes and improved economic conditions is directly attributable to our programs to maintain fair and comparable military compensation, to enhance the quality of military life in both the workplace and at home, and to support the services' recruiting programs with adequate resources.

Military pay raises of 4 percent in fiscal year 1988 and 4.3 percent in fiscal year 1989 are the core of the compensation package in the budget request. These raises are critical to preserving the strength of the force over the long term.

We would like to make progress this year toward closing the 9.4 percent gap between military pay and comparable civilian pay. However, we recognize, as some of you mentioned in your opening statements, that it is not feasible under current budget constraints.

Therefore, we have requested pay raises which merely match projected civilian wage growth. These pay levels are intended just to keep pace and to protect military pay from falling even further behind.

As we know from recent experience, it is much more expensive in terms both of cost and capability to rebuild a superior force than it is to maintain one.

In order to optimize the use of recruiting and advertising resources made available by Congress, we are conducting a comprehensive cost-benefit assessment of all recruiting strategies. Factors under consideration are the proper mix of service specific and joint service advertising, enlistment bonuses, education benefits, and compensation, and how they fit together in the equation for motivating recruitment.

One important reason why quality men and women join and stay in the force is the success of our efforts to improve the quality of military life, both in the workplace and at home. These efforts include programs with the following objectives, which are set out in more detail in my statement:

First, to reduce unemployment rates for military spouses;

Second, to improve relocation assistance to military families undergoing permanent change of station;

Third, to provide adequate housing through housing allowances for members living in the civilian community and through the construction and maintenance of housing on post;

Fourth, to recognize family violence and abuse when it exists and to provide competent treatment for all family members when appropriate;

Fifth, to provide quality education to military dependents stationed overseas;

Sixth, to provide morale, welfare, and recreation facilities for service members and their dependents;

And finally, to facilitate each service member's practice of the religion of his or her preference.

Combined with our quality recruits; our compensation and quality of life programs are producing dramatic dividends. Quality people want to stay in the Armed Forces. To maintain this high quality, stable and effective force, we must faithfully implement personnel policies which are fair and professionally satisfying.

I will not go into any more detail on these personnel policies, but I would like to conclude with just a few remarks. Secretary Weinberger recently declared that the strength and quality of our military personnel are the proudest achievements of his service as the Secretary of Defense.

This point was underscored during the Secretary's testimony before the full Senate Armed Services Committee on January 12, when Chairman Nunn said "Manpower is one of the most significant improvements in defense in the last 4 or 5 years."

Credit for this success in attracting and retaining high quality personnel, while dramatically reducing drug use and disciplinary problems, belongs to the Congress as well. The restored volunteer force is an effective, credible deterrent force for peace.

Its superior quality, skill, motivation and discipline have been demonstrated in places like the Gulf of Sidra, Beirut, Grenada, the Achille Lauro interception, and the Tripoli raid. The competence, patriotism, dedication, and morale of the men and women of the Armed Forces are major elements of these successes.

Today's All Volunteer Force stands more ready, willing and able to defend freedom and deter aggression than ever before in peacekeeping history.

To continue to attract, train, provide for, and retain the high quality personnel that now fill the ranks, the President has submitted a budget which seeks fair and reasonable improvements in compensation and the quality of military life. We respectfully request your continued strong support.

Thank you, sir.

[The prepared statement of Mr. Cox follows:]

PREPARED STATEMENT OF HON. CHAPMAN B. COX
Assistant Secretary of Defense
(Force Management and Personnel)

INTRODUCTION

Good morning Mr. Chairman.

I am pleased to appear before this subcommittee which has done so much over the years for American service men and women. The men and women of the Armed Forces are the backbone of our defense structure. We commend you for the strong support you have given these proud and patriotic citizens who provide our nation with a superb force for peace.

My testimony will focus on the principal responsibility of my office: To acquire and maintain a Total Force of superior quality. The Total Force includes all of our human resources -- active, reserve and retired military personnel, Department of Defense (DoD) civilian employees, and employees of contractors who perform DoD functions. I intend to stress our programs for acquiring, training, managing and retaining the high quality active military and civilian workforce of DoD.

FORCE MIX - THE TOTAL FORCE

In 1981, with broad bipartisan Congressional support, this administration began rebuilding American military strength. Together we have successfully reversed the results of a decade in which the U.S. defense posture had declined. In the rebuilding process, we placed renewed emphasis on the Total Force concept which seeks to maximize the capability achieved from the various manpower pools available to DoD.

The active military manpower contributes quickly deployable, ready, combat capability. Reserve military manpower and military retirees augment the active combat capability, providing manpower for crucial combat support and for later deploying forces. Civilian and contractor personnel provide a wide range of specialized support, logistics, and research and development capabilities. Functions are assigned to various manpower segments based on combat requirements, capabilities, and cost effectiveness.

The elements of the Total Force are shown here.

Table 1 Total Force

(In Thousands)

	END STRENGTH			
	Actual	Planned	Proposed	
TYPE OF MANPOWER	FY 86	FY 87	FY 88	FY 89
Active Military	2,169	2,174	2,172	2,184
Reserve Military				
Sel Res	1,130	1,157	1,190	1,213
IRR & ING	482	514	549	582
Standby	41	41	41	41
Retired Military	820	819	776	776
DoD Civilians	1,112	1,124	1,123	1,125

Active Military

In the active force we have grown in strength, improved quality, increased experience levels, and reduced critical skill shortages. The active component grew by 118,000 personnel from FY 1980 through FY 1986, slightly less than 1 percent per year. We have programmed for a total of 2,184,400 through FY 1989, still 19 percent below the pre-Vietnam FY 1964 levels.

We expect growth in the budget years to be small: in fact, in FY 88, we are planning a 1,850 reduction in end-strength, and in FY 89, we plan a 12,000 end-strength increase. Thus, over the coming two-year budget cycle we are requesting only a net increase of 10,150 people. This additional end-strength will be necessary in FY 1989 to support force modernization programs already approved by the Congress.

Table 2 Active Military Manpower

	Actual	Planned	Proposed	
Service	FY 86	FY 87	FY 88	FY 89
Army	780,980	780,800	780,900	780,900
Navy	581,119	587,000	593,200	602,800
Marine Corps	198,814	199,600	199,600	200,100
Air Force	608,119	606,850	598,700	600,600
	2,169,112	2,174,250	2,172,400	2,184,400

The Army continues refinement of its combat force structure, modernization of skills and training, and improvement of strategic deployablility. Their heavy divisions are being streamlined, while light divisions are being fleshed out. These changes improve deployability and combat capability, while maintaining a relatively constant end strength.

The Navy requests an active manpower increase of 6,200 in FY 88 and 9,600 for FY 89. The FY 88/89 growth provides sufficient personnel to achieve the 600 ship Navy by 1989, while sustaining an adequate balance with readiness related support functions. For the two-year period, manpower increases include 2,162 for strategic submarines, 3,069 for 7 new Ticonderoga-class cruisers, 1,299 for a reactivated Iowa-class battleship, 2,433 for 4 new amphibious ships, 483 for Special Naval Warfare, 607 for mine counter measure forces and 3,312 for fleshing out the manpower complement of aircraft carriers and destroyers previously brought on line.

In FY 88, the Marine Corps maintains a constant end strength but rebalances some combat/combat service support to ensure continued high quality of equipment maintenance support. The 500 manpower growth in FY 89 will be largely for the activation of a self-propelled artillery battery and a towed, general support battery; necessary to provide rapid, constant and sustained indirect weapons fire for our Marines ashore. The goal of the manpower expansion is to provide organic artillery for the assault echelons of a Marine Amphibious Force (MAF) and a Marine Amphibious Brigade (MAB).

For FY 88, the Air Force programmed a manpower decrease of 8,150 as a result of many initiatives aimed at increasing efficiency and productivity. Also, a portion of the manpower decrease will result from Air Force efforts to contract out functions such as T-37 and T-38 aircraft maintenance and technical training center equipment maintenance in support of the Air Training Command. The 1,900 growth in FY 1989 supports growth in force structure.

The Services' end strength requests are sufficient to support DoD's planned force structure. The only substantial growth is directly attributable to required support for increased Navy force structure previously approved by the Congress, and is necessary to realize the benefit of dollars already spent on new Navy weapons systems.

Reserve Forces

Between 1980 and 1986, the total reserve structure has increased to 1,653,258, 43 percent of the military segment of the Total Force. Total defense costs are reduced by maintaining large Reserve forces, rather than keeping all military forces on active duty. However, the proper mix of active and reserve forces is more than a matter of cost. It is also a question of readiness. We must ensure that there are sufficient active forces for the early stages of reinforcement to NATO and to respond to crises elsewhere in the world.

The Reserves are made up of the Ready Reserve, the Standby Reserve, and the retired Reserve. The Ready Reserve can provide up to a 30 percent increase in DoD's military manpower during a mobilization. It is the most rapidly available segment of the Reserves. The components of the Ready Reserve are the Selected Reserve (SELRES) and the Individual Ready Reserve (IRR).

From 1980 to 1986, the SELRES has grown by 30 percent and will grow by another 16 percent by FY 1989. Most of the new members in the well trained, highly skilled units of the Selected Reserve receive the same initial military training as members of the active force. If conflict requiring a call-up occurs, these units will deploy with the active forces. Their current mission assignments demand that they be as fully capable as their active component counterparts.

The IRR and Inactive National Guard retain a wartime commitment from people with critical wartime skills. Management initiatives, the IRR reenlistment bonus program and the new eight-year military service obligation will further increase the strength and stability of this manpower pool. To ensure that the IRR will be a viable wartime asset, the Defense Department conducts annual screening to determine the mobilization readiness of the IRR members.

Retired Military Personnel

Retired military personnel are a pool of highly trained individuals who can be recalled to active duty during a major conflict. We estimate that there are about 820,000 non-disabled military retirees under age 60. To maximize the potential of this valuable manpower pool, we are continuing to preassign retirees where possible during peacetime to mobilization billets or stations that require their skills.

Civilian Employees

DoD's increases in civilian employees reflect our efforts to ensure that military personnel perform only those functions that require active duty personnel. Civilians play a critical role in the acquisition of weapon systems, the maintenance and repair of these systems, and in providing the direct support required by our military forces to accomplish their missions.

The civilian employment plan between FY 87 and FY 89 is essentially stable ranging from 1,124,000 in FY 87 to 1,125,000 in FY 89. The 1,900 increase between 1988 and 1989 will support military to civilian conversions, force modernization, security, medical training and logistics support requirements. While we need additional civilian resources to audit and investigate systems and spare parts, the relatively level Department employment plan reflects aggressive efficiency review and productivity measures.

We also expect to rely heavily on civilian manpower to perform wartime missions. We have strengthened policies and planning processes to ensure that essential overseas civilians remain on the job in a crisis and that we can quickly hire the additional 350,000 civilians that would be required during full mobilization.

We have improved our ability to hire additional civilians quickly by providing each DoD installation information on civilian retirees living within commuting distance and improving our ability to work with the local offices of the United States Employment Service upon which we would depend for much of our civilian mobilization needs.

Total Force Summary

Our Total Force improvements and initiatives significantly enhance the capability of the United States to use its vast human resources to provide active forces for deterrence in peacetime and to augment those forces through reserve forces in times of national emergency. This is an essential factor in deterring our potential enemies from hostile action while reassuring our allies of our continued support.

ACQUIRING AND MAINTAINING A SUPERIOR MILITARY FORCE

High quality service members are the backbone of our nation's defense. Our program for acquiring and maintaining service men and women (from enlistment through retirement) is one of the most important aspects of our defense effort.

If we look back into the late 1970s, the condition of the force was at an all-time low. Experts complained of a "hollow army", a 22,000 petty officer shortfall in the Navy, difficult recruiting, dangerously low quality of recruits, experienced people leaving in droves, and severe drug problems. The volunteer force was being called a failure; many were calling for a return to a draft. In six years, with the support of Congress, we have witnessed the most remarkable turnaround in peacetime history.

Today we are recruiting the highest quality personnel in history -- over 90% are high school graduates. We also have the right experience mix. The shortfalls of non-commissioned officers which plagued us in the '70s are being filled -- and filled with competent, motivated professionals. The backbone of the force is strong. This quality -- high intelligence, correct experience mix, high skill levels -- not only improves capability, but also increases productivity which is a force multiplier.

Accession of Quality Recruits

Recruiting Goals

Since 1980, the Services have achieved their enlisted recruiting objectives, with improved recruit quality each year, despite continued improvement in our Nation's economy, reduced youth unemployment and a continuing decline in the size of the eligible youth population. In FY 86, we recruited about 315,000 new enlisted members. Our recruiting objective for FY 87 is about the same. Recruiting results, by Service are shown in the table below.

Table 3 Total Accession Objectives

(In thousands)

Service	79	80	81	82	83	84	85	86
Army	167	173	137	125	145	142	125	135
Navy	92	98	102	93	83	83	88	95
Marine Corps	43	44	43	41	38	39	37	37
Air Force	69	75	81	74	64	61	67	66
DoD	371	389	362	332	329	325	316	333

Our needs have dropped from around 389,000 in 1980 to around 333,000 in 1986. As retention and quality increase, attrition decreases and fewer accessions are required.

Recruit quality remains at record-high levels and is significantly higher than the average of the eligible youth population from which we recruit. In FY 86, 92 percent of all recruits were high school diploma graduates and 96 percent scored average or above on the enlistment skills test. The Services' improved recruit quality is illustrated in the tables below.

Quality Measures -- HSG and AFQT

Table 4 Recruits with High School Diplomas

% of Total Non-Prior Service Recruits

	FY80	FY81	FY82	FY83	FY84	FY85	FY86
Army	54	80	86	88	91	91	91
Navy	75	76	77	91	93	89	85
Air Force	83	88	94	98	99	99	98
Marine Corps	78	80	85	92	95	97	99
Youth Population	75	75	75	75	75	75	75
DoD Total	68	81	86	91	93	93	92

Table 5 Recruits Scoring Average or Above

on the Armed Forces Qualification Test (AFQT)

% of Total Non-Prior Service Recruits

	FY80	FY81	FY82	FY83	FY84	FY85	FY86
Army	44	65	78	85	87	91	96
Navy	80	86	88	90	90	90	90
Air Force	87	90	92	97	98	99	99+
Marine Corps	69	84	89	91	93	96	99+
Youth Population	69	69	69	69	69	69	69
DoD Total	65	79	85	89	90	93	96

The Services' ability to offset demographic changes and improved economic conditions is directly attributable to our programs to maintain fair and comparable military compensation, to enhance the quality of military life in both the workplace and at home, and to support the Services' recruiting programs with adequate resources. If you sustain your commitment to these programs, we will be able to continue to satisfy our military manpower requirements with high-quality volunteers over the foreseeable future.

The Volunteer Force

Despite 13 years of success with the volunteer force, proposals to return to conscription continue to be raised. Typically, criticism of the volunteer force stems from the mistaken belief that conscription will produce a higher quality force and be less expensive. Also at issue is the notion that the decline in the youth population and reduced youth unemployment will make it impossible to recruit sufficient numbers of quality young people. None of these concerns is supported by fact.

The quality of the force is better today than at any previous time. There also is no evidence that a return to the draft will save money. Recent research indicates that conscription would increase costs up to $2.5 billion yearly.

With respect to demographics, the success of acquiring adequate recruits for the volunteer force is much more dependent on military compensation, quality of military life, adequate recruiting resources and public acceptance of military service than on the projected size of the available manpower pool. For example, the 1979 manpower pool was the largest in recent history. Yet we failed to meet recruiting goals that year. Conversely, we met our recruiting goals in 1974, when our accession requirements demanded 5.4 percent of the pool, a higher proportion than at any time since the beginning of the volunteer force. In 1996 when the manpower pool will be at its nadir, our projected requirement will be only 5.1 percent of the pool.

In addition, there are some positive aspects of projected demographic changes. These include the expansion of the labor force created by increasing female participation in both the civilian and military sectors, rising rates of immigration, and decline in college enrollments of young men.

Returning to conscription would also result in unnecessary and unwanted problems. Today, the military is filled with young Americans who believe that serving in the military is to their benefit. With a return to conscription, those drafted would be compelled to serve against their will; yet the great majority of draft-age individuals would not be called. This would likely be perceived as unfair and would lead to unnecessary resentment toward the Services from without, and lower morale, professionalism, esprit de corps and productivity within the Services.

The volunteer force has been an unqualified success - we can sustain that success by maintaining a sense of honor and dignity to service of country, ensuring adequate military compensation and providing the Services with necessary recruiting resources. There is no need to return to conscription to satisfy military manpower requirements.

Recruiting Management

Over the last several years this Administration has made a major effort to improve the nation's military recruiting programs. We have introduced programs to ensure that our young people in uniform are fairly compensated and that their quality of life is at least similar to that enjoyed by other segments of the nation's population. Our objective has been to restore a sense of honor and dignity to service to one's country. The improvements have been dramatic -- significant increases in recruit quality, improved retention, and major improvements in personnel and unit readiness. None of this would have been possible, however, without our nation-wide network of military recruiters: they are bright, well educated, and project the best possible image of the Armed Forces throughout the civilian community. They are active in the nation's high schools and serve as excellent role-models to millions of young people. They work closely with high school counselors, civic leaders and other members of the civilian community to ensure the widest possible understanding of both the role and mission of our Armed Forces, and the opportunities available to the nation's youth. These young service members, often the only military representative in the civilian community, are superb examples of our nation's Armed Forces and deserve the majority of the credit for our improved recruiting programs, and for the dramatic improvement in the public's perception of the military.

Alternative Recruiting Approaches

In order to optimize the use of recruiting and advertising resources made available by Congress, the Department of Defense conducts cost-benefit assessments of alternative recruiting strategies. Factors under consideration are the proper mix of service specific and joint-service advertising, enlistment bonuses, education benefits and compensation.

Advertising. In fiscal year 1984, the Defense Department conducted a large, complex advertising field experiment. The experiment was designed to examine recruiting effectiveness under various mixes of Service and joint advertising. The study findings show that DoD can obtain the same recruiting effectiveness and spend less on total advertising by increasing joint advertising and reducing Service specific advertising.

Enlistment Bonus Program. The enlistment bonus is an incentive to enlist in specialties the Services have designated as shortage or critical skills. For FY 87, the Congress came dangerously close to deleting all new bonus funding for the Air Force, Navy and Marine Corps and reducing the Army's new payment program by 75 percent. We urge you to continue to support this important program.

Enlistment bonuses are one of the key reasons for our recruiting success. However, they give us far more than just numbers of recruits. They produce high-quality recruits, with longer terms of enlistment, in specific skills where we need them the most. They are the most effective recruiting tool we have for targeting specific skills. For example, we pay bonuses only to high school graduates who score at or above the 50th percentile on the AFQT. In addition, bonus recipients incur service obligations at least one year longer than the minimum enlistment. For the most part, they serve in combat skills or hard-to-recruit, high-aptitude skills such as nuclear technicians and voice-intercept linguists.

In the face of the available pool of service-eligible males, enlistment bonuses are essential to ensure a continued supply of highly capable people for these important specialties.

New GI Bill. For over 40 years, veterans have been eligible for Federal education assistance under a variety of programs. These assistance programs have been authorized for a number of reasons: to provide Service members with a compensating benefit for adversities they endure such as low pay, harsh environments, physical danger and undesirable tasks; to make service in the Armed Forces more attractive; to provide training and readjustment to civilian life for those who have served in the Armed Forces; and to provide an education for those citizens who might not otherwise be able to afford one. These programs have been of considerable value to both the nation and its Service members.

The Educational Assistance Test Program, which we conducted during 1981, confirmed that educational benefits, if sufficiently generous, can attract high quality people to the Armed Forces. A separate study, conducted by the Congressional Budget Office in March 1982, validated the results of the Education Assistance Test Program and also pointed out that enlistments of high school graduates with above average aptitude test scores increased with generous education benefits.

We believe the New GI Bill has the potential to be an effective recruiting incentive. For this reason, we support making this program permanent. However, to fit into the overall context of the DoD recruiting program we believe that it should be more of a targeted program. For this reason, we are submitting a legislative proposal that will: restructure the basic benefit to provide a benefit that varies with the term of enlistment; continue targeted incentives (known as "kickers"); and transfer funding of the basic benefit from the VA to DoD.

Placing both policy and fiscal responsibility for the New GI Bill with the Department of Defense will permit a concentrated approach to using educational benefits which emphasizes their effectiveness as a recruiting incentive.

Training Programs

The high quality individuals recruited into the force must be trained to perform specific tasks and assigned duties. My office develops training policy (in non-Service specific areas) and oversees its implementation by the Services. We also support the Services' training efforts through the newly organized Training and Performance Data Center (TPDC).

The purpose of TPDC is to provide training related information and data management support to the Services and the entire defense training community. TPDC collects, integrates, stores and makes available training information. As a focal point and central repository of defense training data, it also responds to specific information requests from the DoD manpower and training community, and works to develop tools and methodologies for evaluating training and job performance data. TPDC will provide the resources for line managers to evaluate and improve training programs throughout the Department of Defense and to increase the cost/ benefit ratio of our training dollars.

Individual Training

Individual training includes enlisted recruit training, officer acquisition training including the Service academies but not ROTC, specialized skill training, flight training, and professional development education such as the National Defense University. In recent years total DoD individual training loads (student and trainee manyears of training) have remained fairly constant.

Diminishing resources in recent years have led to streamlining efforts in all phases of individual training. The resultant focus on efficiencies in training ensures continued success in producing well-trained individuals in the Services.

Unit Training and Readiness

It is widely acknowledged that training and unit readiness represent a difficult relationship to measure. We doubt the feasibility of developing totally precise and fully objective measures. However our measurement tools are being improved: (i) TPDC (discussed above) has been established and is successfully developing; (ii) The Joint Staff has reviewed and improved its readiness reporting system; and (iii) An internal DoD study is helping to clarify trends in military capability, of which readiness is a major component.

Unit activity levels provide opportunities for training and increase the preparedness of our troops. Activity levels in our operating forces (i.e. flying hours per crew, ship steaming days, etc.) are general indicators of the opportunities our operating units have to develop their skills as coordinated teams. Most of these activity levels will be about the same in FY 87, 88 and 89 as they were in FY 85 and 86.

Flying hours for Navy and Marine Corps tactical air and anti-submarine warfare crews will stay level at 25 hours per month. Air Force tactical air crews will continue to fly about

19 hours per month, and Army flying hours per crew per month will increase from 13.6 in FY 86 to 15.8 in FY 88 and 89. Additionally, it has been recently decided to program funds to sustain the annual training level for Army combat vehicle mileage at 850 miles in FY 88 and 89.

Most of these activity levels remain somewhat below the required levels for proper training as determined by the Services. We can maintain acceptable readiness with these operating tempos only by reason of recent improvements in the quality of training achieved by applications of modern training technology. Any reduction in funding these opportunities for unit training would soon reduce readiness.

Training Technology

In 1982, the Defense Science Board conducted a study on training and training technology. This study highlighted the need to improve training through effective use of modern training technology. Since then, a number of significant actions have been taken.

First, we established the Joint Service Manpower and Training Technology Program. This program reviews ongoing research projects in the Service laboratories and identifies those with potential application to more than one Service. Funding is then provided for selected projects to accelerate the demonstration and evaluate the new technology for training purposes.

In September 1985, guidelines for the development, acquisition and use of computer-based instruction were issued. These guidelines help focus and direct DoD use of computers to deliver training and manage course resources. In August 1986, DoD issued a directive which establishes policy for training simulator and device development, acquisition and utilization, and helps ensure that appropriate training equipment is acquired to meet specific training requirements as part of the total training system concept.

Currently, OSD and the Services are working together to develop interactive video disk courseware. Major objectives are to capitalize on DoD's current substantial investment in computers, to maximize the ability to share training materials within and across the Services and the private sector, and to maintain the ability to take advantage of new developments in technology.

Each of the Services has established mechanisms to improve training through better use of technology. The Army's Training Technology Agency consists of three field activities, located at Fort Knox, Fort Lee and Fort Rucker. Each activity evaluates new technologies and introduces those shown to be effective into both schools and operational units. Similar functions are carried out by the Navy at the Research Applications Center under the Chief of Naval Education and Training and in the Air Force by the Training Technology Applications Program, under Air Training Command.

Each of the Services has also developed high technology advanced training ranges. The Army's National Training Center (NTC) at Fort Irwin in the California desert now provides highly realistic combat training to 28 battalions per year. The Navy's Acoustic Underwater Technical Evaluation Center (AUTEC) off Andros Island in the Bahamas provides realistic submarine and anti-submarine warfare training under controlled conditions. The Air Force has a high technology advanced tactical air training range for air-to-air and air-to-ground combat training at Nellis Air Force Base in Nevada. The Navy is developing similar capabilities at the Fallon Naval Air Station, also in Nevada. This will alleviate scheduling conflicts created by having both Services use the Nellis training facility. In addition to these specialized and unique training ranges, the Services are making high technology improvements to existing ranges and increasing their use of simulators for training on advanced weapons systems such as tanks and aircraft.

Mobilization Exercises

The people and dollar resources we devote to defense cannot be employed effectively without the capability and the processes to mobilize quickly. Mobilization encompasses a wide range of activities including the transition of our military and civilian workforces from a peacetime to a wartime footing and the surging of our industrial base to produce the additional material needed in a war.

Exercises are our primary vehicle for evaluating and verifying the mobilization plans, policies and procedures. Since early 1981, we have devoted considerable effort to improving our ability to carry out a military mobilization. In late 1982, a prototype management tool, called the Crisis Management System, was tested during exercise Proud Saber. In the fall of 1985, we conducted a national-level mobilization exercise, called PORT CALL, that tested how well we could coordinate the many complex issues that would have to be presented for decision during mobilization. Among the specific policies and procedures evaluated were the call-up of selected reserves, the draft, retiree recall, the adequacy of the support forces and the industrial base, and recommendation of a decision to mobilize. In the fall of 1986, these policies and procedures were reemphasized during exercise POWER SWEEP.

We placed special emphasis on improving our ability to mobilize our civilian workforce. In the 1982 Tidewater mini-exercise near Norfolk, Virginia, we evaluated our ability to hire additional civilian workers to support a military mobilization. In late 1985, a follow-on mini exercise was conducted in the San Francisco Bay Area which gave us a chance to measure our progress in correcting problems revealed in the Norfolk mini-exercise. Twenty Bay Area installations participated. As a result of the San Francisco mini-exercise, we have been working on the following goals to be more consistent in our estimates of needs, to improve our procedures for reporting our requirements to the Department of Labor and the Office of Personnel Management, to better coordinate our hiring needs among installations, and to work more closely with defense industries with which we would have to compete for people with certain critical skills during a war.

In 1987 we will conduct another national level exercise entitled Proud Scout to test the modifications and procedural improvements we have made in the mobilization planning and decision-making systems. In conjunction with that exercise, we are currently planning another civilian mobilization mini-exercise that will encompass a greater mix of geographical areas and military installations with a larger demand for civilian manpower.

If we were to go to full mobilization, we also plan on making the most effective use possible of retired military personnel. As provided by law, a Service Secretary can recall to active duty military retirees, when and if necessary. Along these lines, the Army has issued preassignment orders to about 112,000 of its retirees telling them to report shortly after a mobilization decision is made. The other Services are also making plans for the potential use of their retirees in an emergency, and we are continuing our efforts to improve these plans.

We have learned from our exercises and plans that the complexity and magnitude of the mobilization process make sound planning and practice essential to success. Mobilization planning is particularly important today in view of the massive threat confronting the United States and its NATO allies.

Compensation

In response to the recruiting and retention successes of the past several years, Congress has scaled back military pay raises and a number of benefit programs. For example, it has enacted five consecutive pay raise caps and in 1986 reformed the military retirement system and reduced bonus levels.

Continuation of this trend imperils the hard-won recovery from the military manpower problems of the late 1970s. This dangerous trend must be halted by maintaining compensation and quality of life programs that include pay raises matching civilian wage growth, strong enlistment and reenlistment bonus incentives to eliminate skill-specific shortages, and institutional support to offset the unique demands and sacrifices of military service.

Military Pay Raise

The core of the compensation package in the FY 88/89 budget request are military pay raises of 4 percent in FY 88 and 4.3 percent in FY 89. We believe these raises are critical to preserving the strength of the force over the long term. As shown in this table, military pay rates in FY 87 now lag a cumulative 9.4 percent behind the private sector, as measured by increases in the Employment Cost Index (ECI). This is the result of pay raise caps in each year since FY 82.

Table 6 Pay Comparability

Fiscal Year	Military Pay Raise	ECI Increase	Comparability Gap
1983	4.0%	8.1%	-3.9%
1984	4.0%	5.6%	-5.5%
1985	4.0%	5.1%	-6.7%
1986	3.0%	4.4%	-8.1%
1987	3.0%	4.2%	-9.4%

In FY 82, when Congress restored military pay to comparability with private sector pay, it indicated an intention to maintain that comparability. However, since FY 82 the annual military pay raise has been capped below the ECI increase each year. This has created the present 9.4 percent comparability gap, virtually negating the restoration achieved by Congress just six years ago.

Though we would like to make progress this year toward closing this gap, we recognize that is not feasible under current budget constraints. By the same token, we must protect military pay from falling even further behind. The requested pay raises match projected civilian wage growth.

I realize pay increases will be inviting targets for cutbacks. Each one percent military pay raise, paid over a nine month period effective January 1, will cost about $500 million. Further, despite the pay gap, recruiting and retention remain strong, which would seem to provide an opportunity to save money without harming force manning. It is inevitable, however, that as military pay falls further and further behind, potential new military members will make alternative choices, and military members facing reenlistment decisions will vote with their feet. We will pay a heavy price in terms of filling and maintaining the Armed Forces with skilled and productive people. And as we know from recent experience, it is much more expensive (in terms of both cost and capability) to rebuild to a superior force than it is to maintain one.

It is absolutely and uniquely fundamental to the success of military force manning that we retain our people once we've made the investment of bringing them in and training them. When we lose a sergeant with 12 years of experience, it takes 4 or 5 new recruits and twelve more years of training to replace that person. We cannot hire people laterally, as in the civilian sector. The most essential compensation element in preserving a skilled and able force is basic pay. The five consecutive pay raise caps have brought us to the point where experienced people might start leaving the force.

Variable Housing Allowance

We are asking for increases in Variable Housing Allowance (VHA) rates of 3.4 percent and 3.5 percent in FY88 and FY89, respectively. The 4.9 percent rate increase military members should have received in FY87 to cover housing costs that had already increased was not authorized by Congress, causing our service members to absorb the housing cost increases. This absorption is now approaching 20 percent. Further imposition of these increased costs on service members who are required to live in the high cost areas is unfair to the service members and distorts the effectiveness of a program specifically designed on a rational and cost-effective framework to mitigate this inequity.

Statements made in congressional reports last year to justify deletion of the 4.9 percent increase indicate that some members may believe that VHA adjustments cover future cost growth. This is simply not true. The VHA increase covers cost growth that has already occurred. For example, the requested FY87 increase of 4.9 percent reflected housing cost growth between October 1984 and October 1985.

Also, in the VHA program, we are requesting that the offset provision be repealed. This program is based on averages and has a 15 percent differential built in as a prudent control. The offset penalizes personnel who have voluntarily chosen to spend less for housing and, more importantly, encourages people to spend more for housing, simply to avoid losing money. This is not consistent with the objectives of the VHA program, is extremely unpopular with military members, creates an incentive for them to choose more expensive rental housing, and unrealistically inflates the rental rates around military installations.

Taxation of Military Benefits

There's little doubt that our tax system needed a major overhaul to make it simpler and to improve compliance. The Tax Reform Act of 1986 goes a long way toward satisfying the President's goal of significant reform.

The 1986 Act clarifies several ambiguities of prior law that could have had disastrous results for military personnel. Fortunately, the Act did not abandon the traditional treatment given various items of military compensation, and retained an appropriate status for combat zone compensation, space available travel, legal assistance, burial in a national cemetery, education provided to minor dependents of members stationed overseas or in isolated areas, housing allowances, and disability pay.

Military Retirement

A viable retirement benefit is important to the military, as for most employers, for the purposes of retaining personnel for extended periods and reimbursing them for dedicating the prime of their lives to service. The stability of the military retirement system is important in this regard because it engenders the recipient's confidence in the stability of the organization and in its treatment of him or her as an individual.

The Military Retirement Reform Act of 1986 established a revised military retirement system for individuals who first became members of the Uniformed Services on or after August 1, 1986. The Act retains the 20 years eligibility criterion, while reducing the year-of-service multipliers from 50 percent to 40 percent at 20 years, and ramping up to 75 percent at 30 years as before. The Act also reduces annual cost-of-living adjustments from full Consumer Price Index increases to CPI minus one percent. Although we hope it is not the case, we expect that changes such as this in the total compensation package will make recruiting and retention more difficult.

Military retirement benefits are funded under an accrual accounting system. Payments to members and survivors are made from the DoD military retirement fund established in the Department of the Treasury. The DoD budget includes only the future retirement costs of current service determined by the normal cost percentage of basic pay. Funds are appropriated annually for that purpose.

6th Quadrennial Review of Military Compensation

Statute requires the President to "conduct a complete review of the principles and concepts of the compensation of the uniformed services" every four years. The required review commenced 1 January 1987 and is the 6th such effort since the quadrennial review process began in 1967. In this, the Sixth QRMC, Congress has directed DoD to review the structure of the reserve compensation system in relation to that of the active force.

As directed by Congress, the Sixth QRMC will perform a comprehensive review of the compensation of all military members paid from Reserve Personnel Appropriations, to include the military reserve non-disability retirement system. It will include a review of the health care and medical benefits for reserve members and their dependents and survivors. It will also specifically assess compensation systems for members performing full-time support functions for the National Guard and Reserve, and for reserve component health professionals. The effectiveness of current and alternative compensation and taxation systems for part-time members of the reserve components will also be evaluated.

The report of the Sixth QRMC is required to be submitted to the President by November 15, 1987.

Quality of Life

Among the many reasons why service men and women join and stay in the force is the success of our efforts to improve the quality of military life both in the workplace and in the home. These include provision of military housing, family support services, dependent educational assistance and morale, welfare and recreation programs.

The effectiveness and efficiency of the scarce personnel and monetary resources devoted to quality of life programs is best measured by the satisfaction of service members. As part of an ongoing effort to maintain accurate data on the composition of the force and evaluate service member satisfaction, the Defense Manpower Data Center has recently concluded two extensive surveys of enlisted and officer personnel and of spouses of military personnel. Prior to this, the last such survey of military personnel was conducted in 1979.

Officer/Enlisted Survey Results

Almost 19,000 active-duty officers and about 70,000 active-duty enlisted personnel in all four Services responded to an extensive questionnaire that was mailed to them at their duty stations.

The survey told us much about both officer and enlisted career plans and retention factors, personal and family characteristics of military members, perceptions of morale and individual preparedness, the economic situation of service members and their families, rotation experience, perceptions of duty conditions and satisfaction with military life.

Enlisted personnel expect to remain in the service longer than had respondents to the 1979 survey. Also more enlisted personnel said that they were likely to join a National Guard or Reserve unit when they completed their time on active duty. The great majority of officers planned to serve in the military at least 20 years, while substantial proportions planned to serve longer. This represents an increase from the 1979 survey for all four Services. For young officers (those in their fourth to sixth year of service), greater satisfaction with promotion opportunities, retirement benefits, and frequency of moves is associated with a higher likelihood of expecting at least 20 years of military service.

The survey also showed that majorities of both officers and enlisted personnel are married; 60 percent of the officers and 43 percent of enlisted personnel have both a spouse and children in their households. For the first time ever, the Marine Corps has more dependents than members.

The survey's complete findings have been published in Description of Officers and Enlisted Personnel in the U.S. Armed Forces: 1985. Copies of this report have been made available to the Congress.

Spouse Survey Results

Over 41,000 military spouses, married to members of all four active-duty Services, responded to an extensive questionnaire mailed to them at their home addresses. The questionnaire included inquiries about personal and family military background, family composition, family moving experience, knowledge of and satisfaction with family programs and services, civilian labor-force experience and opportunities, family economic resources, and satisfaction with various aspects of military policy which directly impact the family.

The survey shows that military families, especially the families of enlisted personnel, are young, as measured by the spouse's age, the age of children in the family, and the duration of the marriage. Half of the enlisted men's families and two-fifths of male officers' families have a child under six years of age. While most military personnel are married to civilian spouses, about 110,000 are married to military personnel. Currently, only about one-tenth of families are at a location different from the member's.

While the survey identified some areas requiring policy attention, e.g., spouse employment services and services for families during military-related moves, overall levels of satisfaction are quite high. The survey indicated that seventy percent of the officers' wives and about sixty percent of the wives of enlisted men expressed satisfaction with military life. Satisfaction tends to be higher among wives whose husbands are at higher pay grades and/or who are at later stages of family life, i.e., have been married longer and have older children. At all pay grades, there is a strong correlation between the wife's and the husband's satisfaction with the military as a way of life.

The complete report of this survey is included in Description of Spouses of Officers and Enlisted Personnel in the U.S. Armed Forces: 1985. Copies of these survey results have also been made available to the Congress. Data from both of these surveys will be researched extensively in coming years to identify other trends and their implications.

Spouse Employment

Forty-four percent of both officer and enlisted spouses are employed, 10 percent less than their civilian counterparts. Also, unemployment rates for military spouses are much higher than civilian spouses.

Surveys in 1985 indicated that spouse employment and housing are the two most serious problems during permanent changes of station moves. Spouse employment services also had the highest dissatisfaction rating among family programs.

Provisions contained in the FY 86 and FY 87 Department of Defense Authorization Acts have expanded the federal sector employment opportunities for military spouses. Priorities now exist for grades GS-5 through 15 and the implementing regulations for non-appropriated fund positions UA 1-8 are in the final stage of coordination. In addition to the requirements contained in the authorization acts, family members are given preference in employment at the GS-1 through 4 levels in overseas locations.

The Department of Defense is pursuing three employment strategies which are proving quite successful. 1) Employment Resource Centers, now operational at a number of Army and Marine locations, include the following services: job referrals, job hunting skills training, resumé writing, interviewing techniques, and career counseling. 2) Employment assistance specialists, key providers at many Navy Family Support Centers, are the focal point for base spouse employment functions. 3) The Joint Employment Management System (JEMS), implemented in Hawaii as a joint service activity, is designed to provide employment resource services for all military families. We are studying the application of JEMS in other locations.

Although each Service continues to dedicate more resources to employment assistance, we still have a lot of work to do. The demand for support and assistance exceeds the available services at many locations. Increases in spouse employment also increase the demand for child care and latchkey child programs, separate counseling for more geographic bachelors and consideration of extended hours in some facilities to serve dual career families.

Family Relocation Services

The FY 87 DoD Authorization Act directed the Department to conduct a test to determine the desirability and feasibility of improving relocation assistance to military families undergoing a permanent change of station (PCS). The primary sources for relocation assistance currently are housing referral offices, family service centers, and sponsorship programs.

The test concept will centralize the functions that assist personnel in making a PCS move. The test will also use commercial relocation firms. Commercial relocation firms have shown an excellent capability to provide automated, up-to-date information on schools, medical facilities, recreational opportunities, spouse employment and general community information in addition to housing.

A Department working group within the DoD Family Policy Office is determing test sites and will publish the statement of work. We expect to award a contract following a competitive bidding process during the summer of 1987 and will provide periodic status reports to Congress.

Adequacy of Military Housing

Military housing is a very important element of the quality of military life. Adequate housing is provided through housing allowances for members living in the civilian community and through the construction and maintenance of housing on post. We are requesting strong support for both.

Family Advocacy Programs

The Department of Defense recognizes that family problems often have adverse effect on readiness, retention, and quality performance. While many individuals are able to resolve problems without outside assistance, others require help to avoid family violence/abuse. The Department has promulgated Family Advocacy Programs in each of the Military Services to provide the necessary assistance in these situations.

Family Advocacy Programs are designed to address the prevention, identification, treatment, and reporting aspects of child abuse whenever possible, recognize abuse when it exists, and provide competent treatment for all family members when appropriate. Each Military Department has established Family Advocacy Programs with five standard program elements which are: prevention, direct services, administration, training, and evaluation.

The mission of the Military Family Resource Center is to recommend policy and program guidance with regard to all forms of family violence, and to assist the military Services in their efforts to establish, develop, and maintain comprehensive Family Advocacy Programs. The mission of the DoD Family Advocacy Program is to eliminate family violence and facilitate effective family functioning.

Department of Defense Dependents Schools

The Department of Defense Dependents Schools (DoDDS), provide quality education to military dependents stationed overseas. The DoDDS educational programs strive to be comparable to programs of the public school systems of the United States so that students who transfer to and from overseas locations can continue their education with minimal disruption.

The FY 88 DoDDS budget request is $787.649 million, an increase of 147.428 ~~$100,732~~ million over 1987. Eighty-five percent of the FY 88 request represents fixed costs. With the remaining 15 percent, DoDDS must repair and maintain school facilities, procure textbooks, purchase supplies and equipment, provide in-service training to teachers, support extra-curricular activities, and recruit and place teachers. Of the total, education costs represent 60 percent of the DoDDS budget; logistics costs, 27 percent; and administrative costs, only 3 percent.

Increased funding to programs for improving the education of military dependents include: teaching English as a second language, increasing high school graduation requirements, providing talented and gifted programs, and remedial education programs. DoDDS is also pursuing increased opportunities for using microcomputers in the classroom.

Since the early 1970s, DoD-operated schools have provided instructional programs on substance abuse to all students, implemented counseling services for students at risk and worked cooperatively with local installation commanders to make available other health and counseling services as needed. DoDDS is currently updating its educational materials for the educational program and is expanding the preventive peer counseling program to other secondary schools. Peer group prevention programs are currently under consideration for all DoDDS and Section 6 Schools.

Although it will be covered in more depth before the subcommittees with oversight responsibilities for military construction matters, military construction is also an important part of the DoDDS program as we continue to refurbish old buildings and build new facilities as needed. The FY 88/89 budget request includes $57.8 million for FY 88 and $78 million for FY 89 for construction of urgently needed new school facilities.

Of the projects planned to be constructed with these funds, 12 have been deferred to the FY 88/89 budget due to fiscal and exchange rate pressures in previous years. For example, we will only be able to finance four of the eight projects authorized by Congress in FY 87 due to changes in the foreign currency exchange rates. If the Department is to continue to provide quality education to military dependents overseas, these construction and education projects must continue to receive your support.

Section 6 Schools

During the past year, in compliance with the FY 86 Military Construction Authorization Act (Public Law 99-167), the Secretary of Defense submitted a plan "providing for the orderly transfer, no later than July 1, 1990, of all Section 6 Schools to the appropriate local school districts of the State in which such schools are located." Pursuant to that plan, the Rand Corporation is conducting a study on implementing the required transfer. Based on the data received from Rand, we will begin discussions this year with the six designated school districts.

Morale Welfare and Recreation

Morale, welfare and recreation (MWR) programs are also an important element of the quality of military life. The FY 87 Defense Appropriations Act reduced Operations and Maintenance (O&M) appropriations support for MWR activities by $69.5 million. Our policies are currently being revised to reflect the directive language contained in the Appropriations Act and the House Armed Services Committee Report Number 99-718. We are applying these reductions by eliminating direct O&M support (e.g., civilian personnel, utilities, interior building maintenance) for revenue-generating recreational activities such as open messes, bowling centers, golf courses, and marinas in large metropolitan areas of the United States.

As a result of the reduction in funding, each Service, working with my office, has instituted a review of the current MWR organizational structures. This review is intended to address potential organizational changes that will enable revenue-generating MWR activities to operate effectively within the decreased level of appropriated fund support. Among the alternatives being considered is the merging of certain revenue-generating MWR activities with the military exchange systems. We are confident that meaningful cost-saving organizational changes will occur.

Free Exercise of Religion

The Department of Defense, recognizing the fundamental right of free religious practice and the importance religion plays in the lives of Americans, maintains a Corps of Chaplains to facilitate each service member's practice of the religion of his or her preference. In keeping with the spirit of the volunteer force, members of the Corps of Chaplains are civilian ministers who volunteer for military duty. At most major installations, service members have access to ministry from a chaplain from one of the major faith groups -- Protestant, Catholic or Jewish -- of their choice.

In 1986, a bill was introduced in Congress which would have required the Department of Defense to maintain a Corps of Chaplains with proportional representation more closely aligned with the faith group demography of the Armed Forces. In lieu of this legislation, the Congress adopted an amendment to the FY 87 DoD Authorization Act directing the Department to analyze and report on the related issues.

This report has been completed and submitted to Congress. One of its principal findings is that using the demographic distribution of faith groups among members of the Armed Forces as a guide to the faith distribution within the Corps of Chaplains is not feasible, would only exacerbate any imbalance which currently exists, and would not meet the constitutional basis of free exercise/non-establishment of religion. For example, such a quota system would lead to reduction in the number of Jewish chaplains, making it harder for a Jewish service member to exercise his faith than his Christian counterparts.

A clergyperson's superior (e.g. Bishop, etc.) has the final say whether or not a clergyperson may participate as a military Chaplain. If the Department were required to maintain proportional faith representation in the Corps of Chaplains, it would be necessary to conscript clergy of some faith groups. This would be contrary to the constitutional separation of church and state. To achieve such a mandated proportional faith representation without conscription would require reducing the overall size of the Corps of Chaplains by eliminating the number of chaplains belonging to other faith groups, until the established ratio or quota was achieved.

The difficulty here is that there is a shortage of clergy in certain faith groups and not that the military does not seek to recruit clergy to meet religious faith group needs of its people.

The study recently completed clearly demonstrates that the free exercise rights of the military community could not be adequately protected by a chaplain force whose composition is determined by proportional representation. Some factors that compel this conclusion are:

- The geographic dispersion of the Armed Forces and the faith specific liturgical and religious requirements.
- The current level of authorizations for active duty chaplain positions.
- The futile attempt to maintain a proportional relationship among more than 105 faith groups represented in the military chaplaincy, and which would have to be attempted in a changing environment where an accurate religious census is difficult to obtain or keep current.

It is therefore the Department's position that legislation as proposed in the last Congress to compel "faith balance" is unadvisable.

Religious Apparel and the Military Uniform

Proposals to permit the wearing of religious apparel with the military uniform have been reintroduced in this Congress. It is a high DoD priority to foster the free exercise of religion by service members. Our extensive chaplain programs are devoted to that purpose. Our policy is to accommodate religious practices, including apparel, unless it is inconsistent with military requirements.

Military uniforms establish the essential identity of military service and symbolize the vital characteristics of discipline and unit cohesion. The bills to permit individual members to alter that identity by virtue of their beliefs will engender disruption and invite charges of favoritism and discrimination.

Laws to allow "neat and conservative" religious wear with the military uniform do not resolve the issue. They only pass the problem on to local commanders to judge subjectively which apparel fits this description, irrespective of the dictates of organized faith groups. That is a fundamentally unfair burden to place on commanders in the field, and that is where the conflicts will then arise. Moreover, such laws would force service members and their commanders to appear to take sides among members of various organized religions. Permitting the wearing of one form of apparel or marking, while denying another as not "neat and conservative" would engender precisely the strife that a cohesive military unit cannot tolerate. It might also constitute an unconstitutional official government recognition of one religion's practices over those of another. Other complications would arise because claims of religious practice requirements need not be based on teachings of a recognized religious group, and thus the sincerity of a member's claims may be called into question. Such a policy is an invitation to contention, conflict, and litigation.

This matter has been debated as if it were solely an issue of religious accommodation. In fact, it has vital implications for the maintenance of discipline, unit integrity and cohesion. Accordingly, we urge you not to impose subjective standards on matters of religion. That should not be the business of government.

Career Management

In the process of managing and maintaining a high-quality, stable and effective military force, there arise many issues which directly affect our ability to attract and retain quality people and which are related to their perception of (i) the fairness of our personnel management policies, and (ii) their prospects for satisfactory professional growth. These are predominantly issues of policy which directly affect the careers of military members.

Permanent Change of Station

One such issue relates to the many moves a service person and his or her family must endure. The bulk of the Department's program for Permanent Change of Station (PCS) is related to bringing Service members into the Armed Services, moving them to and from overseas assignments, and returning them to civilian life.

In March 1986, the Department of Defense submitted its study of the PCS program to Congress. The recommendations of the study have been endorsed by the Secretary of Defense and incorporated into both the Senate and House FY 87 DoD Authorization Bills. The annual savings resulting from these policy changes amounted to $280 million.

In addition, at Congress' direction, the Army is conducting a test at Fort Bragg, North Carolina, to provide cash incentives to the Service member for shipping less than the maximum allowable HHG weight allowance. The results of this test program are to be reported to Congress in June, 1987.

Congress has also directed another review of the Overseas Tour Extension Incentive Program to determine its cost effectiveness and possible expansion to more Service members. This report is due next month.

We have done much to reduce PCS turbulence and related costs: developed an automated data system, authorized consecutive overseas tours, increased tour obligations for those desiring a higher priority consideration for overseas duty areas, emphasized minimum tours in the continental United States, involuntarily extended members overseas and increased minimum retainability for overseas returnees.

Although the Congress included a number of PCS improvements in the FY 86 DOD Authorization bill, the reimbursement levels for military personnel remain far below those of federal civilians. This is especially true of Congress' recent elimination of funding for temporary lodging expenses (TLE) in FY 87 to all members except junior enlisted personnel with dependents. Significant differences also exist between the entitlements for federal civilians and uniformed service personnel because of the substantial allowances federal civilians receive in connection with house hunting trips and with buying and selling their homes. Furthermore, beginning in FY 87, appropriations have been limited to less than the authorized amount for the Dislocation Allowance.

The degree to which members are reimbursed for travel costs has never been clearly determined; however, a pre-FY 86 survey placed the ratio at $1 reimbursed for every $4 a member spends. In order to evaluate how the FY 86 travel improvements have impacted on the individual Service member's lifestyle and to determine the current ratio, we have initiated a very comprehensive study of PCS reimbursements that will provide up to date answers to this question. The study is expected to take approximately 18 months.

In view of the significant PCS improvements of FY 86 and the constrained budget environment in which we are now operating, the Department has not included any major new PCS initiatives in the FY 88/89 budget, but we do seek funding for those programs currently authorized.

Joint Officer Specialty

The Goldwater-Nichols Department of Defense Reorganization Act of 1986, enacted by the 99th Congress, established a joint officer specialty program and established certain requirements for joint officer management. To implement these requirements, I have established an implementation plan with 14 specific provisions. Working groups headed by general/flag officers within the Organization of the Joint Chiefs of Staff and my office are coordinating the implementation of this plan.

We are proceeding with a preliminary analysis, using a working concept of joint duty assignments (JDAs) as well as the "critical" JDAs. We have implemented procedures to incorporate the immediate requirements of the Act in general/flag officer nominations for appointment to specific statutory positions and initial three- and four-star promotion recommendations. We will also publish interim policy with guidelines concerning selection board guidance and membership, the processing of selection board results, nomination procedures for joint specialty officers, assignment of National Defense University graduates, the Capstone course for general/flag officers, scientific and technical categories eligible for waivers of JDA requirements for promotion to general/flag officer rank and length of JDA tours.

Flag and General Officer Requirements

For the past few years, the Department has asked for relief from the congressionally mandated ceiling of 1,073 general/flag officers adopted as part of the FY 78 DoD Authorization Act. As a condition for possibly removing or raising the ceiling which took effect in FY 82, the Department complied with a request to submit legislation to reform the laws governing the management of general and flag officers. Over the last five years, Congress recognized the adverse impact of the ceiling by granting specific grade relief at the three and four-star grades to the Navy, the Air Force, and the Marine Corps. We support and urge action on the Department's legislation which would make further piecemeal relief from the 1,073 ceiling unnecessary.

Frocking

The Service Secretaries' legal authority to "frock" an officer selected for promotion is an essential assignment and career management device. (By frocking, the Service Secretary allows the officer selected for promotion to wear insignia of the higher grade without entitlement to the higher pay.) We have determined, however, that Service policies regarding frocking vary.

Therefore, in order to achieve consistency and avoid potential abuse, we are publishing a Department of Defense Directive to regulate the exercise of frocking authority. To be frocked an officer must be (i) selected for promotion to the higher grade, (ii) confirmed by the Senate, and (iii) serving in or ordered to a designated position of the higher grade. In addition, limits have been placed on the number of designated frocking positions for the end of FY 87: 3 percent of each Service's total field grade promoted positions authorized by DOPMA and 3 percent of the number of general/flag officers provided in the Department's proposed comprehensive flag and general officer legislation.

Officer Reductions

We have extreme concern regarding the officer reductions mandated by the last Congress. The cumulative reductions of that action will drive the FY 89 officer structure below the FY 83 position - an intolerable situation. Viewed from another perspective, from 1983 to 1989, we will have commissioned 92 ships, deployed 29 Ground Launch Cruise Missile Flights, fielded two new Light Infantry Divisions and launched into the new frontier of space without officers to command those new weapon systems and develop the new technologies that you have helped us obtain in the last 7 years. As you know we are taking the 5,259 officer reductions from authorized FY 87 end strength in compliance with the law, but without full knowledge of what impact these decreases will have on force readiness. As the Secretary of Defense indicated in his Report on Officer Reductions, we have commissioned a study to review and explain where and why the officer structure grew. We are reviewing the potential implications of the FY 87 and any further reductions and will share that review with you. We will defend only those officer requirements that we can justify, but I respectfully request your patience until that data is available.

Defense Equal Opportunity Council

DoD is proud of its successes in the area of equal opportunity. During 1986, in an effort to build on that success, we established the Defense Equal Opportunity Council (DEOC). The mission of the DEOC is to ensure that our equal opportunity policies are fair, effective, and vigorously enforced at all levels.

I chair the DEOC. Other members include the Assistant Secretary of Defense for Reserve Affairs and the respective Service Assistant Secretaries for Manpower and Reserve Affairs. Also in attendance at DEOC meetings are my Deputies for Civilian and Military Personnel Policy. They each have the responsibility for equal opportunity policy in their respective area and have formed working groups with representation from the Military Departments.

The DEOC has two principle functions. First, it is a forum for proactive coordination of civilian and military equal opportunity policies and for monitoring the progress of equal opportunity programs. Secondly, the DEOC makes recommendations to the DoD leadership on equal opportunity matters. DEOC's goal is "to review thoroughly the civilian and military equal opportunity policies and programs to determine if they adequately support Total Force requirements to the year 2000." To this end, the DEOC has identified 12 military and 10 civilian review objectives. Among these are to establish equal opportunity and treatment of personnel as functions of leadership, thereby ensuring that these concepts are accepted responsibilities of leaders and commanders in all segments of the Total Force.

The new equal opportunity policy structure has revitalized the equal opportunity policy process in the Department. Top policymakers are addressing problems relating to implementation of equal opportunity policy up-front, and the equal opportunity review project provides a framework for coordinated identification and resolution of new equal opportunity policy issues.

Women in the Military

It is DoD policy that women will be provided full and equal opportunity, with men, to pursue appropriate careers for which they can qualify. Women may serve in all capacities except those prohibited by combat exclusion statutes and related policy. Many combat support roles are open to women. For example, women served as pilots, co-pilots, boom operators and other crew members on the air-to-air refueling tankers that supported last year's raid on Libya.

Today, almost 88 percent of all military skills and more than 61 percent of all military positions are open to women. More than 216,000 officer and enlisted women comprise approximately 10 percent of the active force. We expect this number to continue to grow as more and more women recognize the opportunities available to them in the Military Services.

Retention

Combined with our quality recruits, our compensation and quality of life programs have produced dramatic dividends -- quality people want to stay in the Armed Forces. The following table shows our track record on retention since the end of the draft.

Table 7

Retention Rates

Enlisted Personnel Retention (Total DoD)

% of Eligible Personnel Who Reenlist

	FY74	FY76	FY78	FY80	FY82	FY84	FY86
First Term	30.0	29.8	37.1	39.1	52.9	50.8	49.2
Career	81.4	76.3	71.5	70.5	84.6	86.1	83.8

During the '70s we were having difficulty retaining career people. In the '80s, career reenlistments have gone up, and they are now at an optimum level.

There is a kind of synergism between the quality of the people we have and retention. With better people in the force and a more professional the working environment, the more proud and satisfied the service members are with their situation, and the more they want to stay. As we select only the better ones to stay, the quality of the force is enhanced even more, and it becomes more attractive to quality recruits.

Experience

Another aspect of this synergism is experience. With increased retention, the experience levels and numbers of our non-commissioned officers have increased. Over the last six years, the experience levels and the numbers of our experienced NCOs have gone up 15 percent, which is three times as great as the increase in personnel in the enlisted force in general. Now almost half the total force has greater than four years of service.

Table 8 Experience of Active Component Enlisted Force

% With at Least Four Years of Service

	FY80	FY81	FY82	FY83	FY84	FY85	FY86	FY87*	FY92*
Army	40	42	45	46	46	46	45	46	46
Navy	42	43	46	47	49	50	50	50	51
Air Force	52	52	53	55	56	68	59	57	61
Marine Corps	28	30	33	35	36	37	38	41	40
DoD Total	42	44	45	47	48	49	49	50	51

* projected

Professional Working Environment

Our surveys indicate that illegal drug use in the force has dropped significantly since 1980 when some units reported that nearly 1/2 of the junior enlisted members were using drugs. Recent surveys indicate it is now less than 1 in 10. Other indicators of indiscipline also continue on positive trends. For example, the rates of unauthorized absences have dipped by approximately 60 percent since 1979 and are now at the lowest level on record.

Characteristics that have to do with bravery, emotional strength and endurance, initiative, leadership and creativity are difficult to define but not hard for experienced military people to recognize. It is hard to find a senior officer or enlisted person who does not agree that these characteristics are at historically high levels in the force.

Personnel Shortages

Our most serious deficiency is the continued shortage of nuclear trained submarine and surface officers in the grade of lieutenant commander through captain. The second area of concern is pilot shortages in the Navy and Air Force. Both areas are being aggressively pursued through the initiation of monetary and non-monetary incentives. While we realize that there are no quick solutions to either problem, the initiatives being implemented and those being proposed are expected to have a positive impact in reducing both shortfalls during the remainder of the decade.

The shortages in the nuclear power community reached a peak of 22 percent in FY 86 in the cited grades. However, the enactment of enhancements to the Nuclear Officer Incentive Pay in the FY 86 DoD Authorization Act, the one year extension of the SPOT promotion authority in the FY 87 DoD Authorization Act, and a proposal to restore Submarine Duty Incentive Pay by 35 percent in the FY 88 DoD Authorization Bill are expected to cut the deficiency to 16 percent by FY 91.

Increased airline hiring over the past three years has been instrumental in causing a decided decline in the retention rates of pilots in both the Navy and the Air Force. Approximately 8,000 pilots were hired in FY 85, another 6,000 in FY 86, and approximately 5,000 more will be hired in FY 87 according to estimates by the Services and professional pilot organizations. Monetary incentives like Aviation Career Incentive Pay (ACIP) and the Aviation Officer Continuation Pay (AOCP) are critical to the Services' efforts to stem the exodus of these experienced pilots. Additionally, the Services are exploring non-monetary incentives that may be useful in retaining pilots: incentives that involve quality of life and family stability.

Reenlistment Bonuses

Reenlistment bonuses are an important incentive for the retention of quality people in mission critical skills. If these bonuses are used judiciously, we can retain the very best men and women in these vital positions. When military pay raises fall behind civilian sector raises, it is doubly important to maintain bonus incentives to assist in meeting manning requirements for mission-critical skills. The reenlistment bonus amounts requested in the President's budget reflect funding requirements needed to meet retention objectives in these key specialties.

Unfortunately, these key incentive programs have suffered recent cutbacks. Last year, Congress reduced the FY 87 request for new reenlistment bonuses by roughly 15 percent. At this time there is not enough data to measure the impact of that reduction on FY 87 retention programs, but we hope to have a preliminary assessment by summer. In the meantime, the requested bonus levels are our best estimate of what is needed to sustain desired retention rates.

Current law mandates payment of at least 75 percent of each new bonus as an initial lump sum beginning in FY 88. For this reason, the new payment budget figures are $167 million and $172 million higher in FY 88 and FY 89, respectively, than would have been programmed under the current 50 percent lump sum methodology. Last year, the Congress provided relief from the 75 percent requirement for FY 87 only. We are proposing legislation to delete this requirement and restore our flexibility to adjust payment methodology to accommodate changing economic conditions.

MANAGING A PRODUCTIVE CIVILIAN WORKFORCE

A vital segment of our Total Force is civilian personnel. The Department employs 1,124,000 civilians in 681 different occupations, ranging from warehouse operations in major maintenance facilities to scientific research in advanced laboratories. Along with their military counterparts, our civilians, live and work in nearly every conceivable geographic location.

Civilian Manpower Requirements and Constraints

For the past two years, DoD has managed its civilian work force on the basis of funded workloads and mission requirements, instead of statutory ceiling controls. We have consistently maintained the position that this is the most efficient and effective way to manage civilian work force levels. We want to continue these effective and efficient ceiling-free operations in the future.

For FY 88 and 89, DoD anticipates civilian work force requirements of 1,123,102 spaces and 1,124,938 spaces, respectively. Approximately two-thirds of these civilian spaces will be white collar (GS/GM) and the remaining one-third will be blue collar (Wage Grade). Most of the civilian work force will be full-time permanent employees, although the ceiling-free flexibility has allowed DoD managers the opportunity to employ more part-time employees. This flexibility reduces costs and increases productivity. The Department requires approximately 1,034,900 direct hires and 88,300 indirect hires in FY 88 and 1,035,800 direct hires and 89,100 indirect hires in FY 89.

Notwithstanding the flexibilities and improved productivity associated with ceiling-free operations, we face a number of civilian work force constraints which impede and inhibit mission accomplishment. For FY 87, the Appropriations Conferees limited total DoD civilian overseas workyears to those levels actually achieved in FY 86. This limitation restricts the Secretary's ability to apply resources to workload and mission requirements, and hinders the Department's military/civilian substitution efforts. The Department's FY 88 and FY 89 budget requests reflect true overseas resource requirements. These numbers do not anticipate reimposition of the overseas workyear controls.

The Goldwater-Nichols DoD Reorganization Act of 1986 imposed military and civilian ceiling controls on the Military Service Secretariats and Chief of Staff organizations. In addition, the Reorganization Act directed a 15 percent reduction to Defense Agency and DoD Field Activity management headquarters organizations and an additional 10 percent reduction to their operating activities. These reductions are to be implemented in

FY 88 and FY 89. Studies are currently underway to assess the impact of these reductions on overall DoD missions and operations, and based on the results of these studies, we will adjust Defense Agency and DoD Field Activity manpower to accommodate the legislative requirements. These reductions will be based on criteria to result in the least damage to operational effectiveness. Arbitrary work force reductions which are made without regard to funded workloads and mission requirements would doubtless reduce capability and readiness. We must determine how to minimize the damage before making the reductions.

One aspect of the DoD Reorganization Act which can immediately improve DoD operations is the reduction of reporting requirements. At the same time that the Reorganization Act was being enacted, other congressional committees were imposing additional reporting requirements on DoD. For example, starting next month, I am required to provide a monthly report of actual civilian spaces and workyears. Portions of this report are already submitted to the Congress, and all of the information is available in the President's budget justification books. This report is a waste of the resources required to prepare it, and I question its value to the congressional oversight committees. I request your assistance in canceling this unnecessary reporting requirement.

Recruiting

Vacant positions are frequently filled by promoting, reassigning or transfering current DoD civilian employees. Nevertheless, primary responsibility for recruitment, from internal, business, professional or academic communities, rests with the DoD managers. When outside hiring is done to fill clerical support, professional entry or hard-to-fill scientific or technical jobs, the Regional offices of the Office of Personnel Management assist in the competitive examination process.

Career Development

We continue to place great emphasis on career development and career management programs within the Department. Central to this effort is an objective evaluation of the quality of individual performance based on valid performance measurements. Employees are subsequently selected for career broadening assignments, education programs, training courses, as well as middle and executive management development programs, which are all tailored to meet the requirements of each of our major occupations and functions.

Equal Opportunity

I am pleased to be able to report that the Department continues to have a strong equal opportunity program - one which supports readiness and total defense capabilities. We are continuing to make progress in the employment of women, minorities and disabled persons. Within the DoD civilian work force, 24.5% are minorities and 36% are women. Nearly 11,000 employees (or 1.4%) are disabled persons. As mentioned earlier, we have established the Defense Equal Opportunity Council which provides a forum to coordinate and monitor implementation of equal employment policies and makes recommendations to DoD leadership on equal opportunity issues.

Contractor Personnel (A-76)

It is DoD policy to rely on the private sector when work is not required inhouse for governmental or national defense reasons. Between 1979 and 1986, approximately 56,000 military and civilian positions have been studied under the A-76 process. Approximately half of these positions were contracted out. The study process results in about 30 percent reduction in operating costs and has netted significant savings currently of approximately half-billion dollars per year. The Department anticipates that about 10,000 positions will be included in studies in FY 88 and FY 89 which is consistent with the number of positions studied during the previous several years.

Alternative Personnel Systems

The current civilian personnel management system has caused growing dissatisfaction because it stresses administrative procedures at the expense of management flexibility and opportunities to reward employee effort. Under the authority of the Civil Service Reform Act, the Department of the Navy has been conducting an experiment at two of its laboratories to demonstrate that government organizations can improve their effectiveness by developing an integrated approach to pay, performance appraisal, and position classification and by giving line managers greater control over personnel functions. Largely because of the success of Navy's experiment, the Administration developed a legislative proposal that would allow for controlled, orderly expansion of these improved personnel management concepts to other organizations throughout the Federal Government. This legislation, entitled the Civil Service Simplification Act was introduced late in the 99th Congress by Senator Stevens and Congressman Taylor. The proposal has been resubmitted by the Administration for consideration by the 100th Congress. The Department of Defense strongly supports the Civil Service Simplification Act and believes it will provide a long-range solution to the current problems of the personnel management system.

Productivity Measures

The Department of Defense is very proud of its efforts to improve the productivity and efficiency of its operations. It has been a leader in developing tools and policies which will enable our military and civilian work force to accomplish national security missions at least cost to the taxpayer. Last year President Reagan reemphasized his objective of improving our nation's productivity through the issuance of Executive Order 12552, The Productivity Improvement Program for the Federal Government. This Executive Order established a government-wide program to improve the quality, timeliness and efficiency of Federal Government services. The goal of this program is to achieve a 20 percent productivity increase in appropriate functions by 1992. In response to this call, the Secretary of Defense has submitted an ambitious management improvement program which includes productivity improvement initiatives in such diverse functions as depot maintenance, supply, administration of military personnel, family housing, and base operation support.

DoD has been a leader in developing management tools which will help us meet productivity improvement objectives. These include the Efficiency Review Process which reviews all activities to establish (1) an output-oriented statement of work, (2) the most efficient organization, and (3) processes to accomplish that work. Resource requirements are then measured in order to establish military and civilian manpower requirements.

We also operate a specific program which funds Productivity Enhancing Capital Investments (PECI). These investments support application of the most efficient methods and technologies in performing our work, and have resulted in returns of $15 for every $1 spent (as well as substantial manpower savings). The FY 88 and FY 89 budget submission for PECI contains $220 and $234 million, respectively. We seek your support of this initiative to improve operational efficiency and increase our capability.

The third set of management tools is comprised of work force motivation policies under which DoD benefits from employee contributions in achieving improved methods of doing business. Such activities include Quality Circles, total quality programs, and Productivity Gain Sharing experiments. While the returns on these programs are difficult to quantify, statistics show that the 2,000+ DoD Quality Circles have returned over $4 in savings for every $1 invested.

The Secretary of Defense Productivity Excellence Awards recognize DoD individuals and groups whose ideas and innovations contribute to significant operational improvements. In January, the Secretary honored 60 men and women whose ideas and suggestions had achieved $1 million or more in first year savings. Their combined efforts this year yielded a total first-year savings of nearly $200 million.

DEFENSE SUPPORT FOR THE PRESIDENT'S WAR ON DRUGS

In addition to my other duties, I oversee DoD participation in the President's ongoing war on drugs. The drug scene is a deadly war which impacts throughout our society. Drug-related deaths of promising athletes have focused public attention on this major problem in the United States which has permeated all walks of life.

The following chart illustrates the portion of our national population which has admitted using drugs within 30 days of the survey. These statistics are through 1985, which was before the emergence of crack. You'll note, with the exception of cocaine, drug use was tapering off after rising in the late '70s.

Table 9 Percent National Drug Use (age 18-25)

Drug	1974	1976	1977	1979	1982	1985
Marijuana	26.0	25.5	27.5	36.0	27.5	22.0
Cocaine	3.0	2.0	3.5	9.0	6.2	7.2
Hallucinogens	2.2	1.0	1.5	4.0	1.5	1.4
Heroin	0.5	0.5	0.5	0.5	0.5	0.5

The focus of the President's war on drugs is a six-point program to achieve a drug-free workplace, drug-free schools, enhanced treatment and rehabilitation, increased public awareness and prevention, strengthened law enforcement, and interdiction and eradication of illegal drugs in foreign countries. DoD is involved in this six-point program at every level.

Drug-free Workplace. We have established and are operating an effective zero tolerance anti-drug abuse program for military personnel which has reduced the use of illicit drugs in the military by 67 percent. Of course this is not good enough and we are always working to improve the performance of our program. Now we are also beginning to apply what we have learned in the military community to our civilian employees and as a model for the rest of the federal and private sector workforce.

In April 1985, DoD published a directive regarding the civilian employees drug abuse testing program. The directive was revised and toughened in 1986 to comply with the President's Executive Order of September 1986 and the Office of Personnel Management regulations of November 1986. Department-wide implementation of the directive is expected this Spring.

Drug-free Schools. We are improving and maintaining our anti-drug abuse programs at our DoDDS schools overseas and at our Section 6 Schools here in the United States. Our effective drug prevention education and enforcement programs at our 288 schools are being strengthened and we are working with the Department of Education to develop a model schools program for use by local public schools.

Treatment and Rehabilitation. DoD has developed extensive experience in the medical field over many years to treat and rehabilitate drug users in the military. This experience is being made available to civilian agencies and medical facilities to enhance their own programs and research.

Increasing Public Awareness and Prevention. We will continue to learn more about the causes and the cures of drug abuse, and to provide this information to our troops, our civilian employees, and our children. We are helping in the effort to encourage young people to say no to illegal drugs, through an active program involving our 20,000 Service recruiters.

These fine young men and women are excellent role models of the military and are spread throughout the country. They have tremendous access to the neighborhoods and schools, and are roughly the same age group as the target group we are addressing in our "Just Say No" program. These recruiters, in addition to being good role models, are presenting tape and slide shows to stress anti-drug themes during visits to campuses.

Strengthen Law Enforcement. The Anti-Drug Abuse Act of 1986 authorized DoD to provide additional support to civilian agencies involved in the war on drugs. Operation Alliance, the southwest border initiative, is a good example of this. This is a joint agency operation involving the Drug Enforcement Administration, Customs, the Immigration and Naturalization Service, and state and local law enforcement officials, supported by DoD, all working together to interdict the flow of illegal narcotics across our border.

Our response to more than 8,000 annual requests for support from law enforcement agencies is over 98 percent. Under the law, DoD is required to seek reimbursement for support it provides when substantially equivalent training cannot be obtained as a by-product of our support. I am happy to report that in nearly every instance, we are able to structure our support in such a way that we receive substantially equivalent training -- thus obviating the need for reimbursement.

For example, during 1985, over 3,000 sorties were flown, amassing over 10,000 flight hours. In 1986 our efforts increased to over 15,000 hours. The following charts show the level of DoD operational support to law enforcement agencies.

Table 10 DoD Operational Support

$ in Millions	FY 1983	FY 1984	FY 1985	FY 1986	FY 1987*
Direct Costs: (fuel, manpower maintenance, etc.)	6.0	18.5	54.8	69.7	72.5
Indirect Costs: (Amortized capital cost of equipment)	--	--	82.7	126.3	131.4

* projected

In addition, we have loaned to law enforcement agencies over 140 million dollars worth of equipment. Furthermore, in response to our 1987 supplemental budget request, we received 314 million dollars for procurement of additional military equipment which will be loaned. By the end of this year, we will be loaning to law enforcement agencies equipment costing over 450 million dollars, in addition to our annual operational contribution to the drug war of over 200 million dollars.

International Cooperation in Eradicating Illicit Drugs. In the recent past, we have been involved in three international operations to interdict and eradicate illicit drugs outside the territory of the United States. These are OPBAT in the Bahamas and Turks, Operation Blast Furnace in Bolivia, and the Hat Trick Operations in the Caribbean.

In support of OPBAT, the Air Force provides the quick insertion of Bahamian law enforcement teams on drug apprehension missions.

In Operation Blast Furnace, six Army Blackhawk helicopters, supported by 190 aircrew, maintenance and support personnel provided mobility assistance to Bolivian police to aid in eradicating centers of drug trafficking, drug laboratories and drug transportation networks. In this operation, we effectively shut down the processing of cocaine in Bolivia while we were there.

Hat Trick II, the largest interagency anti-narcotics operation to date was conducted from October 1985 to February 1986. Extensive Department of Defense support included over 6,000 hours of aerial surveillance, 1,097 ship days and mobile ground radar surveillance. We aided operational planning, developed an interagency voice privacy radio network and expanded intelligence support. These contributions aided in disrupting maritime and airborne drug trafficking.

This represents a new phase in international cooperation to rid our countries of the menace posed by drug trafficking. In mid-1983, the government of Peru began eradicating Coca bushes as part of the first agreement under a U.S. strategy to couple development assistance to drug enforcement and eradication programs. In mid-1984, the government of Colombia began a program to use herbicides for cannabis eradication. This precedent led Panama and Belize to follow suit in 1985. In 1981, only one country was eradicating narcotics plants; today, fourteen countries are doing so.

Conclusion. To be sure, defense of this country from foreign military threats is the number one priority of DoD. However, the threat from drugs invading the country across our borders demands our participation. We must continue the delicate balance between providing drug law enforcement assistance and maintaining our military readiness to perform national security missions.

The proper role for our military forces in the drug war is to provide support to civilian law enforcement agencies which have the training and legal competence to make arrests, searches, seizures, and prosecutions. Limiting DoD participation to a support role will avoid compromising the traditional separation of military and civilian roles.

Drug interdiction alone will not win the war on drugs. Victory requires the eradication of the source; appropriate punitive action for traffickers; treatment for the addicted; and above all, a "tough love" education program for our children.

MANPOWER OVERVIEW CONCLUSION

Secretary Weinberger recently declared that the strength and quality of our military personnel are the proudest achievement of his service as the Secretary of Defense. This point was underscored during the Secretary's testimony before the Senate

Armed Services Committee on January 12 when Chairman Nunn said "Manpower is one of the most significant improvements in defense in the last 5 or 6 years." Credit for this success in attracting and retaining high quality personnel, while dramatically reducing drug use and disciplinary problems, belongs to Congress as well.

The restored volunteer force is an effective, credible, deterrent force for peace. Its superior quality, skill, motivation and discipline have been demonstrated in places like the Gulf of Sidra, Beirut, Grenada, the Achille Lauro interception, and the Tripoli raid. The competence, patriotism, dedication, and morale of the men and women of the Armed Forces are major elements of these successes. Today's All-Volunteer Force stands more ready, willing and able to defend freedom and deter aggression than ever before in peacekeeping history.

To continue to attract, train, provide for, and retain the high quality personnel that now fill the ranks, the President has submitted a budget which seeks fair and reasonable improvements in compensation and the quality of military life. We respectfully request your continued strong support.

Senator GLENN. Thank you, sir.

The subcommittee will observe the 6 minute rule that the parent committee is using these days, as well as the "early bird" rule. Those members who were here at the beginning of the hearing will be recognized first and those who arrive after the hearing has begun will be recognized in their usual order of seniority starting with the majority and proceeding to the minority.

Let me begin my 6 minutes by asking you about an article that is in the Washington Post this morning that is very disturbing. It is reported that the Secretary of the Navy, John Lehman, has infuriated much of the uniformed Navy by dissolving a promotion board because the board did not carry out an order that he issued to revise its selections.

OFFICER PROMOTION PROCESS

The independence and integrity of the officer promotion process is a cornerstone of our whole personnel management system, and we even enacted into law how that system would work. If military members begin to feel that the independence and integrity of the promotion process is being undermined, the impact on the morale and performance of the officer corps and the military services could be very, very serious.

I would like to have your comments as to whether you think this is true? Are you aware of any other promotion boards that may have been tampered with? And what is being done within the Department of Defense to look into this?

First, do you think it is true?

Mr. Cox. Sir, I cannot say whether or not it is true.

Senator GLENN. Are you aware of any other promotion boards that have had a stigma like this attached to them?

Mr. Cox. I am not aware of any facts. There are some allegations and rumors, and they will be investigated.

Senator GLENN. OK. And what is being done about it?

Mr. Cox. Sir, let me just say that I wholeheartedly concur in the concern about the integrity of the selection process, and so does the Secretary of Defense. We will take aggressive steps to investigate these allegations and, depending upon the results of the investigation, will take appropriate action.

Beyond that, I do not think it would be appropriate for me to comment in public, other than to say that we will take aggressive steps to investigate.

Senator GLENN. Well, we are officially asking this morning that this be investigated. I have a letter that will be sent today. It was signed a few minutes ago, before the meeting, and it is addressed to the Secretary of Defense, Caspar Weinberger, and basically states our concerns about this and asks that it be looked into.

It is signed by Senator Wilson, myself, Senator Nunn, and Senator Warner, on behalf of the total Armed Services Committee.

Mr. Cox. Sir, I have already discussed it with the Secretary and it will be investigated.

Senator GLENN. All right. Well, we will expect a report back at the earliest and interim progress reports as the investigation goes along. And I will not belabor it. We could get into all sorts discussions about what this does to our whole system.

But as we say in this letter, "The reports about Secretary Lehman's actions raise concerns about all the Department of the Navy promotion lists currently before the Senate for confirmation." And I think—would staff tell me how many? I think it was 10,000 names we have now on different lists. Is that correct?

Thousands and thousands of people are involved because of these allegations. If we have this kind of a taint on one group, we then wonder what is happening to others that just have not come to light yet.

So we are in the process of trying to decide whether we, in fact, will hold up everything, the whole works. And I do not see how we can do anything but that, to make sure that the Navy promotion—everyone on a Navy promotion list or up for consideration is dealt with fairly.

I would just urge that you bring this to a conclusion as fast as you possibly can, because we could have the whole promotion system in the Navy held up until we get an answer to this allegation reported in the paper this morning.

Mr. Cox. We will thoroughly investigate it, sir, and we will act as promptly as we can, and hope that we will be able to deal with any side issue of the other boards without holding them up.

Senator **Glenn**. This letter will be sent over to the Secretary later in the day, and I ask unanimous consent that it be placed in the record today. Without objection, it will be entered into the record of the hearing this morning.

[The letter referred to follows:]

U.S. Senate,
Committee on Armed Services,
Washington, DC, March 3, 1987.

Hon. Caspar W. Weinberger,
Secretary of Defense,
The Pentagon, Washington, DC.

Dear Mr. Secretary: We are very concerned about reports, including an article in this morning's Washington Post, that the Secretary of the Navy allegedly has attempted to manipulate improperly the outcome of a recent Navy promotion board.

The independence and integrity of the officer promotion process in the military services is a cornerstone of the military personnel management system. Congress enacted the officer promotion process into law to insure that this process would remain fair and impartial. If military members begin to feel that the independence and integrity of the promotion process is being undermined, the impact on the morale and peformance of the officer corps in the military services could be very serious.

The reports about Secretary Lehman's actions raise concerns about all of the Department of Navy promotion lists currently before the Senate for confirmation.

We ask that you direct a complete and thorough investigation by your office of Secretary Lehman's actions with respect to Department of Navy promotion boards. This investigation should begin immediately and be completed as soon as possible. We also ask that you submit a written report of this investigation to the Committee on Armed Services. Pending our review of this report, it will be very difficult for the Committee to take any action on any Department of Navy promotion lists currently before the Committee for confirmation.

We also believe that no new promotion boards should be convened under the Secretary of the Navy's authority and guidance until this matter is resolved.

Thank you for your attention to this matter.

Sincerely,

Sam Nunn,
Chairman.
John Glenn,
Chairman, Subcommittee on Manpower and Personnel.
John W. Warner,
Ranking Minority Member.
Pete Wilson,
Ranking Minority Member, Subcommittee on Manpower and Personnel.

GROWTH OF OFFICER CORPS

Senator **Glenn**. I would like to get to one other area in the time I have left, and that is manpower, growth of the officer corps in particular. I note that our hearing today was preceded in yesterday's Defense Week by a statement on the officer corps limitations that we introduced from this committee last year.

Secretary Lehman called it stupid. Army Secretary John Marsh said it will force the service to "mortgage our future." Air Force Chief of Staff Larry Welch said it would harm our ability to carry out our mission. And the "it" that all three have blasted at is a congressional requirement that the services reduce their officer corps by 6 percent by October 1989, a requirement that was drawn up by me. I am named by name in this.

Lehman says, and I quote again: "It is one of the stupidest things Congress has done." Outside of that, I guess he likes it. [Laughter.]

And it goes on in that same vein, castigating me personally as well as the committee, and as well as the Congress, for all of this.

Can you tell me how the cuts are going to affect combat capability, combat capability?

Mr. Cox. Sir, as we discussed previously, we are right now in the midst of a study process to try to very forcefully answer that question by objective data, not by emotional statements. And we are doing our best to complete that requirements analysis within the timeframes that we have discussed.

In the Secretary's report back to you, sir, he mentioned that we would try to have that done by June. But since then we have sped this process up, and we are still trying to meet at least the first phase of that study by the end of March. So by the end of this month we ought to be able to answer that question in a comprehensive fashion.

I am sure that the services, who have already been engaged in this study for some time, have reached some preliminary conclusions. But the conclusions of that article are not the position of the Department of Defense at this point.

Senator GLENN. Well, I am a little surprised that the requests for officer corps strength are not based on something more substantive. Because of our questioning on this, apparently you have to go back now and justify what the officer corps strength is, and I am surprised that justification was not there to begin with.

That makes us feel that you are just floating numbers over here, hoping to get increases sort of willy-nilly, without having a basis in fact for what the combat capability is added to or subtracted from.

Mr. Cox. No, sir. The requirements that we send over here are valid requirements, but they're not based upon a prioritization of those requirements, and that's what you've asked us to do. And so we have had to do some heavy work to try to determine whether a Navy nuclear safety officer is more important than an Air Force pilot.

We're trying to figure it out. When you start cutting things that we think we need, we have to start comparing those requirements against each other, and that's the reason it's so difficult.

Senator GLENN. However, the cut the first year was only 1 percent, so it was virtually no cut at all. And so it would seem to me those figures would be readily available without a year's additional study on this as to what the impact was going to be on this current year, and that is the one we are dealing with.

Mr. Cox. Sir, we have told you how we intend to apply that first cut of 1 percent. As the cuts get deeper and deeper those prioritization issues become more and more difficult to deal with.

Senator GLENN. OK. My time is up. But the reason we brought this up last year, just so everyone understands it, from 1980 to 1985, which were the figures we had available to us last year when we passed this, the Army's total end strength had gone up 0.5 percent, but the officer corps had gone up 11.1 percent.

Navy, 8.3 percent increase in end strength, but 12.1 percent increase in officer strength. Air Force, 7.8 percent total strength, 11.0 percent in officer strength. Marine Corps, 5.1 percent end strength, 10.9 percent overall increase in officer strength.

As a total for the whole Department of Defense, the end strength had gone up 4.9 percent, but officers had gone up 11.3. Now, if that adds to combat capability I am 100 percent for it. But last year we did not have a single bit of testimony that those increases would add one iota to the combat capability.

And that is the reason we passed it and that is the reason I am being so catigated, I guess, by everybody in the Pentagon, and the reason I resent it a little bit. No one wants a stronger defense than I do, but I also do not want to see brass take over where it is not necessary and increase our costs.

And we did not have a detailed justification last year. Now here we are a year later, we do not have the increases yet.

Senator Wilson.

Senator WILSON. Thank you, Mr. Chairman.

DETAILED MANPOWER ESTIMATE

Mr. Cox, last year the Congress enacted section 1208 of the DOD Authorization Act for fiscal year 1987, which required the submission to the Armed Services Committees of a detailed manpower estimate prior to the decision to proceed to full scale engineering development, and prior to the decision to proceed to production and deployment of major defense systems.

In large measure, this requirement was enacted at my urging, because it had been my experience on this committee that repeatedly the services told us that it was essential to approve requested manpower strengths to operate and maintain weapons which were approved for full scale development or production a number of years earlier.

We had made the decisions on the weapons in the past, years and years ago, with apparently little or no information or even thought having been given to what the manpower implications would be.

This year we are being asked to authorize funds for full scale engineering development for a number of weapons, among them the small ICBM. And yet, we do not have the report required by section 1208 or any other authoritative document from the Department of Defense detailing the estimated manpower needs and costs associated with this program.

Mr. Cox, when can we expect the estimate that is required by section 1208 for that program?

Mr. Cox. First let me say, Senator, that your perception is very accurate. The services have over the years, especially in the manpower and training functional areas, been concerned about this, but our regulations have not had the teeth to force that consideration to be performed, in a substantive way, early enough.

And section 1208 does give that teeth, and we are paying attention to it. In my summary comments and in my long written statement, I spent some time discussing that concern.

The Secretary has established a steering group which will develop the procedures which will be part of the acquisition process. That report will have to be filed.

With respect to the small ICBM, that weapons system reached its milestone 2 before section 1208 became effective, so that section

1208 report was not forwarded to the Congress for that milestone 2 decision.

However, we did ask the Air Force to collect all of the information required by the section 1208 report. That is available to Congress, and I would be happy to provide that to you for the record or at such other point as you would like to see it.

Further, with respect to the small ICBM, they are approaching a milestone 3 decision, we expect in fiscal year 1987, and it will be under the effective provisions of section 1208 and a section 1208 report will have to be submitted prior to the milestone 3 decision.

So in summary, we know it is a matter, of law, of legal requirement. In the manpower and training area, we welcome it and we are working fast to develop the process so it does become an integral part of the weapons procurement system.

Senator WILSON. I would ask you to provide that information that you asked the Air Force to compile for the record. I think the earlier the committee has it, the more useful it will be in preparing us for that milestone 3 decision.

Mr. COX. Yes, sir.

[The information follows:]

MANPOWER ESTIMATES REPORT FOR SMALL ICBM

The Air Force prepared the attached table that provides preliminary estimates of the manpower that would be required by the Small Intercontinental Ballistic Missile (SICBM) program. The table covers fiscal year 1988 through the missile's full deployment in fiscal year 1999. The numbers provided represent end strength requirements but are substantially the same as the manyears that would be needed. The table includes all manpower—military, civilian, and contractor—that would be employed directly in the program. The total quantity of the missiles to be deployed will be dependent upon the Soviet threat and on progress reached in arms control agreements. Therefore, these estimates must be regarded as preliminary.

SMALL ICBM MANPOWER ESTIMATE

	Fiscal year—											
	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Operations, maintenance, and base support	36	92	105	447	1,278	1,732	2,077	2,839	4,894	6,809	7,593	8,123
Communications	3	7	43	89	105	151	252	396	506	578	589	563
Training support	15	15	15	257	369	369	369	369	369	369	369	369
Central logistics support	200	272	372	690	888	973	982	1,051	1,091	1,153	1,227	1,321
Acquisition and program management	444	462	466	481	481	481	481	481	471	461	451	441
Contractor support	0	0	0	13	10	19	0	0	0	0	0	0
Total	698	848	1,001	1,977	3,131	3,725	4,161	5,136	7,331	9,370	10,229	10,807

Senator WILSON. Mr. Cox and General Elton, I will be asking this question of you as well——

Senator GLENN. Let us delay 1 second here. I was planning to have the service chiefs come up and join Mr. Cox at the table, because we may have questions for them as we go along. Service chiefs, please come on up and join Mr. Cox at the table so that you will be available for questions also.

Do not take any time from Senator Wilson.

Thank you. Proceed.

OVER RELIANCE ON RESERVE FORCES

Senator **Wilson**. Recently, gentlemen, Secretary Webb made a speech or gave an interview in which he described serious concerns which he entertained about our over-reliance on reserve forces to perform certain missions. He specifically referred to the Army's almost total reliance on reserve forces to provide combat support and combat service support, and he indicated that he believes that this policy has made our combat forces less sustainable than they could be using a different mix of forces.

At about the same time, the Vice Chief of Staff of the Army directed that the Army go full force to fully man the new 10th Division at Fort Drum, New York, this year. That decision, when coupled with the Army's static end strength can only mean that more and more combat service and combat service support billets now in other Army units, active units, must be converted to reserve billets to free up people to man the combat billets in the 10th Division.

Mr. Cox, as the total force policy official, and General Elton as the Army's Deputy Chief of Staff for Manpower, I wish you would address what seems to me to be an apparent conflict on this issue.

Mr. **Cox**. Sir, if I may, let me address it from a policy perspective, and then I would defer to General Elton on the specific capability question.

As I mentioned earlier, the total force policy is to perform functions by those types of units which can perform the function capably at the least cost to the taxpayer. So when you get into a force mix question, you have to determine the cost and determine unit capability.

It was determined in our force mix decision process that reserve units could capably perform the combat service support and the combat support roles, and that if they were going to be required only in combat or to support mobilization, it would be more efficient to perform this role with these reserve units.

The problem that Secretary Webb is addressing is: if you assign those functions to the reserve units, you still have to provide adequate resources to keep the reserve units up to their combat capability levels, in terms of the kinds of people you put in the units, in terms of their skill levels and experience, and in terms of their equipment.

So just making the decision that the reserve unit can perform the function cost effectively does not relieve us from the responsibility of making sure those reserve units have the resources to be capable. That is the issue that we are now addressing; to make sure that the reserve units that have been assigned these functions have the military capability to perform the function they have been given.

General **Elton**. Senator Wilson, let me address that from the point of view of, as did General Wickham I believe to this committee, that we are in fact reshaping the Army and that we are growing the two new light divisions. The structure will be bobtailed, and will include an additional brigade for each of those two divisions, the 10th and the 6th, and a great majority of those spaces have come from spaces where we have replaced military with civilian in a proper mode, and shifted them all within a constant end strength.

Those elements that have been moved into the reserve components, we have done so with full knowledge that, No. 1, they can be manned at a good manning level, and that they will have the opportunity to train, and again do have the equipment and will be able to maintain themselves in a deployable status for use at the time when they are called.

The other aspect of course concerns itself with regard to the capability of these forces. We have dedicated the Army's major active duty force to ensuring that the reserve components are provided with the equipment and the training that is the best we can provide to get them into a position where they can deploy. Those early deploying units we are very proud of, and many of them are making deployments on Reforger and into South and Central America today.

Senator WILSON. Well, Mr. Chairman, my time is up. I think what the Army is doing is trying to make the best of a tough situation, admittedly tough, but I think this point that Secretary Webb has raised is one that really needs to be pursued further and I intend to do so. But my time has expired.

Senator GLENN. Thank you.

Under our early-bird rule, Senator Kennedy I believe is next.

Senator KENNEDY. Thank you, Mr. Chairman.

ASSIGNMENT AND RESPONSIBILITY

I think the chairman spoke for all the members of the committee at the outset with regard to the whole issue and the question of the increase in assignment and responsibility in the military services.

I say, Mr. Chairman, if there is at least a dark side to, perhaps, that process, there is a bright side, too. That is, that Vice Adm. Bruce DeMars who is president of the selection committee, resigned rather than being intimidated. I think that certainly his name and his service should be recognized as being of distinguished quality by the committee, as we look at the other—without making any judgment on the other allegations or charges, but at least to recognize his service.

If I could, I would like to just weave briefly through some of the points that are made in the testimony, Mr. Cox. There are some items that are brought together that I want to ask your conclusion on.

We see on page 26 what the impact is going to be on the pay comparability. If you look at it, we can wrestle around, and will here on this committee, about the ECI, but if you look at that at least as a standard, look at the reduction on comparability gap now as projected for 1987 where the comparability in terms of the private sector is increased quite significantly the 9.4 percent, if you look at page 20, at the start of the second full paragraph, you're talking about flying hours, most of these activity levels remain somewhat below the required levels for proper training as determined by the services. So you are getting some reduction in the pay and also you are getting some reduction in the flying hours.

You point out in the testimony that the variable housing allowance is at 20 percent. In my own conversations with most of the military personnel that have been moving they have indicated to me that it is somewhat higher. I am sure you probably have got the justification for the 20 percent, but I would think that for the most part we are seeing even higher levels of variable allowances.

You point out on page 16 how close we came last year to deleting the enlistment bonus program for the service. We did come dangerously close to deleting that.

Then if you look over on your first-term retention on page 54, you begin to see the slide on the bottom of page 54 or the first-term retentions as compared to 52 and 82, with 52.9, 86, 49.2. I think for most of us who follow those flow lines in terms of what happens in personnel, there are some pretty good signals of where the belt-tightening or the lack of reenlistments and the rest of this is reflected. It has generally been reflected in the Air Force, and then in the Marines, the Navy, and finally the Army.

But it would seem to me that you have got some fairly significant belt-tightening on personnel both in terms of the comparability issue, the other related issues that are affecting their quality of life, and also some belt-tightening in terms of flying hours, which I would think in terms of morale, makes a large difference.

We are not getting into terms of the operation of various weapons' systems, or how sophisticated these weapons' systems are, or the fact that no one questions the extraordinary competency of those individuals who are operating such systems that those involved in using many of those weapons' systems are of magnificent training. But there is, as well, no question that if you do not get the personnel operating these weapons' systems that may be operated, you are going to have some impact in terms of personnel.

Now what does all of this say? Should we be concerned about these indices? Should we be looking at them just as just one more item in terms of the formal presentation? It seems to me they are beginning to sell some important concerns, and I am just interested in what your own reaction would be.

Mr. Cox. Well, sir, I think you very perceptively put your finger on the indications that we are in a belt-tightening mode and there are some serious concerns with respect to belt-tightening.

We have placed a priority on the personnel accounts, and that is evident from the way we dealt with the Gramm-Rudman cuts and the way we dealt with this budget. By placing a priority on it, it does not mean we have not tried to tighten our belt in the personnel accounts. We have done the best job we feel we could do in balancing those accounts and trying to keep the quality and quantity of our force at its all-time high.

So we are tightening our belts, but we do have optimism about the future as long as the Congress continues to support us in these areas of pay and recruiting resources, and in training, et cetera. But that does not mean that we are not going to have to do our best to keep those at the lowest level that we can stand.

Senator Kennedy. I mentioned, the Air Force, and as I understand it the other figures would indicate, that below the required levels the Army is also included in terms of helicopters. Also, the

Air Force and the Navy. That has been included in your testimony, as well?

Mr. Cox. Yes, sir. And as we tighten our belts, there are going to be some things that are shaved from some accounts to keep other accounts that we think are more important at a minimal, acceptable level.

REDUCTION OF OFFICERS

Senator KENNEDY. My time has just expired but let me just see if I cannot get a comment since it is related to what I believe Senator Wilson was talking about. That is, the reduction of officers, the OSD portion, the greatest number of officer cuts are in the Army. Was there any reason for that?

Mr. Cox. Well, it depends upon how you look at that.

Mr. KENNEDY. Well, in terms of numbers clearly there are other kinds of criteria, but there is no question about the numbers.

Mr. Cox. We took the cut proportionally against the 1987 authorized strength. So there was a proportional cut against 1987. There was a more lopsided cut against the Army, if you look at just the 1986 numbers.

Senator KENNEDY. Well, maybe I could get a more complete answer as part of the record.

Mr. Cox. Yes, sir. We would be happy to provide that for you.

[The information follows:]

FISCAL YEAR 1987 OFFICER REDUCTIONS

The fiscal year 1987 officer reduction (a 1% cut from the actual end of fiscal year 1986 officer inventory) was calculated using the fiscal year 1987 programmed officer end strength as a base. The reduction was allocated among the Services proportional to their officer corps size and with the stipulation that no Service could grow above its fiscal year 1986 end strength. That meant that the Navy was denied its programmed growth of 1,576. This number was subtracted from the total reduction of 5,259 and the difference was then allocated proportional to the other three Services' officer corps size. Using this methodology, the allocation is: Army—1,677, Navy—1,576, Air Force—1,698, and Marine Corps—308. If you calculate these reductions from the fiscal year 1986 base, the allocation is: Army—1,575, Navy—0, Air Force—1,300, and Marine Corps—213.

The allocation decision was made by the Secretary in order to comply with the mandated fiscal year 1987 reduction. He did not want to make it prior to the availability of results from a directed officer requirements study. However, he made the allocation based on an arbitrary formula which he felt would not seriously degrade any Service. The Secretary decided not to allocate the proposed 2% cut for fiscal year 1988 until he had the results of the requirements study and was able to make a more rational, analytically-oriented decision based on requirements rather than arbitrary formulae.

Senator GLENN. Thank you.

Senator McCain, we are glad to welcome you to this subcommittee here at our first meeting. He comes with a great military background and a long, distinguished combat record of his own. We welcome him to the committee, and we welcome your questions.

Senator MCCAIN. Thank you very much, Mr. Chairman. I am pleased to serve with you and Senator Wilson and other members of the committee, and I hope that we can redress the imbalance toward the Marine Corps that has existed on this committee for some time. [Laughter.]

Senator MCCAIN. I would like to——

Mr. Cox. Sir, does that mean I have to leave? [Laughter.]

SELECTION BOARDS

Senator McCain. I would like to, with some fear of being redundant, Mr. Secretary, I would also like to echo the words of my colleagues concerning this latest incident report concerning the Selection Boards.

You know, what is doubly disturbing about it is that I think in the opinion of all of us, Secretary Lehman has done an outstanding job, and I would hate to see him leave that position under this kind of cloud. That is another reason why I think it needs to be resolved as quickly as possible. I do not have to tell you, Mr. Secretary, that if officers in the military believe that Selection Boards will be skewed for political reasons, it will be almost impossible to maintain quality individuals in the military.

I do not know of a more sacred cornerstone as far as the officer corps is concerned in the military than that Selection Boards should not be interfered with by anyone, whether it be the President or anyone else, once they are given their instructions as to how to function. As you know, the Secretaries are given great latitude as to those instructions. But once those are given, I think it would be a disaster if we allowed this kind of practice—or any recurrence of it.

So I certainly share the sentiments of the chairman and others on this committee who are deeply concerned.

I also would like to reinforce what Senator Glenn has stated concerning the reductions in the officer corps, in particular. I believe that, unfortunately, there is a lack of cooperation on the part of the Department of Defense. I think it is unnecessary and inefficient.

For example, I do not think there is any doubt that we have too many commands in the military. I speak from personal experience. I am not sure that there is a requirement for an admiral on every aircraft carrier. I am not sure that there is a requirement for patrol wings and medium attack wings, and light attack wings, and everybody having an admiral in charge.

There has been a proliferation of flag officers and staffs since World War II. In World War II, we used to have an admiral for 8 or 10 aircraft carriers.

I am not sure that anything has dramatically changed in the conduct of carrier operations except there are much fewer of them. At the height of World War II, the Commander in Chief of U.S. Naval Forces in Europe commanded hundreds of thousands of personnel. Now there are no operating forces under that command today, but we still have a very large command with an extremely large staff existing there.

Many of us have never understood why there is a requirement for a CINCPAC and a CINCPAC fleet. There is obvious redundance there, and both of those staffs are much larger than they were at the height of World War II, when I would suggest that their responsibilities were much larger than they are today.

So I would suggest that, rather than just looking at lopping off officers, perhaps you should look at the command structures in all of the services and see if some of them cannot be reduced. Get more people to sea, or in the field, or out rather than having the continuous increases in sizes of staffs.

I would be very interested for you to provide for the record a comparison in the size of various major staffs as to how their size has either increased or, in some cases maybe even decreased, over the last 30 years, as well as the increased requirements for flag and general billets. So if you could provide that for the committee, I think it would be very much appreciated.

I also noted in your statement that there is a continuing concern concerning pilot retention in both the Navy and the Air Force.

Mr. Cox. Yes, sir. I have two comments, if I might.

One is that we would be happy to provide whatever details that we have available to us to respond to your question, but there is a more comprehensive answer. That is—as I mentioned in my verbal remarks, and also discussed in more detail in my written statement—we are doing a comprehensive, overall DOD study of the general officer requirements, which gets into the issue of how many commands we have, and why are they needed. That will be a much more thorough, comprehensive study.

We have already discussed that with the staff (our approach to it, et cetera). It is supposed to be done by October.

Senator GLENN. Thank you. I just wanted to get an idea of exactly what Senator McCain wanted so that committee staff can follow up and work with you to get the information.

Senator McCAIN. I would like to refine that, also, Mr. Secretary, but I think these numbers have to be put into historical perspective. I do not think there is any doubt we can justify a doubling in the increase of the numbers of admirals and generals and we could make an argument for it, but I think it has got to be viewed in historical perspective as to what our requirements were for over a long period of time, I would say World War II.

To make the argument that just because we have experienced increases in technology and requirements in that area flies in the face of experience in the civilian world where increases in technology have actually reduced the requirement for people, not increased them.

So I must tell you, I would be interested in hearing more of your arguments, but because of increased technological requirements in fact many weapons systems are sold to the Congress on the basis that it will entail a reduction in numbers of qualified personnel in order to maintain these pieces of equipment and will, over time—the arguments are anyway—save the taxpayers money.

So I think we have got to judge this in an historical fashion, and I do not believe that just lopping off officers and cutting them particularly out of critical positions, of which there are many, will satisfy the intent of the law that was passed last year. There has got to be an indepth focus on redundancy and requirements for command, and I think it is long overdue that we streamline certainly many parts of the military where we see an incredible overlap both in responsibility as well as numbers of incredible significance but steady increases, and steady increases in the sizes of the staffs.

RETENTION OF PILOTS

Could I move next to the problem of the retention of pilots? You mentioned that in 1985 there were 8,000 pilots hired. 6,000 in 1986, 5,000 more in 1987. With the way it appears the airline industry is going to continue to grow, we will continue to see that drain.

Have you got any other ideas besides what we have been doing, the ACIP and the AOCP?

Mr. Cox. That is our principal policy initiative in the Department. I think this is a question I could approximately defer to the Chief of Naval Personnel and to General Hickey to respond to.

Senator McCain. Thank you.

Admiral Carlson. Yes, sir. In terms of pilot retention, one of the things that we are working on very hard is reducing operational tempo. That is one of the major concerns, time away from home, and of course deploying the carriers at the rate we have been exacerbates the problem. Family separation is an area we are trying to come to grips with.

In the peacetime steaming environment we have been successful in limiting the amount of time deployed, on forward deployments, to 6 months. And of course, that immediately goes into the cocked hat as soon as we have any sort of an international crises and the carriers are called on. The *Kennedy* returned home yesterday having been extended 2 or 3 weeks.

You yourself know when they say, how long is the deployment? Do you want me to go for 6 months? Fine. But do not tell me it is going to be 7 when I have done 5½. That is terribly corrosive on morale, and it is corrosive on retention. We think the important bonuses the Congress has enacted are critical to maintaining the level of expertise we need to man these aircraft and to do the things that we, as a Nation, call on them to do.

The family separation is the key problem.

Senator McCain. Thank you. General.

General Hickey. I would like to share what Admiral Carlson has said. We also are concerned about pilot retention, very seriously so, in the United States Air Force. It has gone from a high of about 78 percent as a relative measure in 1982–83, down to some 53 percent in 1987, so far in the first quarter of 1987, and we estimate that it will probably be down around the 50 percent level by the end of the year.

We need to maintain something between 50 and 60 percent retention rate for pilots if we are going to maintain the level of inventory just to keep it at zero with numbers of pilots that we are able to train and bring on board right now. So it is a serious force structure issue with us in terms of maintaining a pilot force structure inventory.

We as a matter of fact were concerned enough that we proposed through the system, through the POM last year, that we attempt to increase the aviation career incentive pay. That was not seen by the other services some 8 or 10 months ago as important enough amongst all the other high priority things that were in there to be carried through, but we certainly intend to reraise the issue this year.

We have not in prior years in the Air Force looked seriously at using the aviation bonus process, and attempted to stay away from that, but if this continues to be serious then we may in fact have to look at bonuses, too. But I think it is very important for everyone to understand that the overall atmosphere in the environment, pay comparability, how the PCS moves are going and how much dysfunctional things are caused by reductions in other kinds of ancillary programs which disturb the quality of life, as Admiral Carlson was talking about in deployments, but there are a myriad of things.

The officer strength cuts, which are on the horizon, throw a great deal of uncertainty and concern into the minds of all those people who work for us. If we do not address those issues and put those to bed in some timely fashion, then they are going to continue to be detrimental to our retention rates.

Senator McCain. Thank you.

Mr. Chairman, given the amount of money that it costs to train a pilot, and the criticality of their role, I think perhaps at some later time this committee might get into that issue a little bit, considering the statistics we are hearing about pilot retention.

Thank you, Mr. Chairman.

Senator Glenn. I concur.

I neglected to say before that the prepared statements of the service personnel chiefs will also be entered in the record and will be made available to all subcommittee members.

[The prepared statements of Lieutenant General Elton, Vice Admiral Carlson, Lieutenant General Hickey, and Lieutenant General Cheatham follow:]

PREPARED STATEMENT OF LT. GEN. ROBERT M. ELTON

Deputy Chief of Staff for Personnel, U.S. Army

THANK YOU, MR. CHAIRMAN. IT IS A PRIVILEGE FOR ME TO APPEAR BEFORE YOU TODAY. IF I MAY, I WOULD LIKE TO BRIEFLY SUMMARIZE MY STATEMENT AND ASK THAT IT BE PUT INTO THE RECORD, ALONG WITH KEY SUPPORTING CHARTS.

I WANT TO SPEAK TO YOU TODAY ABOUT PERSONNEL READINESS AND THE PROGRAMS WHICH CONTRIBUTE TO THIS IMPORTANT ASPECT OF MILITARY PREPAREDNESS AND CAPABILITY. THE KEY TO PERSONNEL READINESS IS QUALITY PEOPLE, BOTH MILITARY AND CIVILIAN, WHO CAN SUCCESSFULLY PERFORM ACROSS THE SPECTRUM OF CONFLICT AND SUPPORT OUR FORCES IN THE FIELD. WITH THE HELP OF THE CONGRESS, IT IS MY JOB TO RECRUIT AND MAINTAIN THIS FORCE FOR THE ARMY. TO SUCCEED, WE MUST SUPPORT OUR SOLDIERS AND THEIR FAMILIES AND OUR CIVILIAN FAMILY STATIONED THROUGHOUT THE WORLD.

LET ME START BY GIVING YOU THE CURRENT PERSONNEL STATUS OF THE TOTAL ARMY WHICH IS MADE UP OF THE ACTIVE COMPONENT, RESERVE COMPONENT (BOTH U.S. ARMY RESERVE AND ARMY NATIONAL GUARD) AND THE CIVILIAN COMPONENT. THE ACTIVE COMPONENT WILL MAINTAIN A CONSTANT ENDSTRENGTH JUST UNDER 781,000 THROUGH FISCAL YEAR 1989. OUR RESERVE COMPONENT SELECTED RESERVE END STRENGTH WILL CONTINUE A MODEST GROWTH, AND IN FISCAL YEAR 1988, WILL SURPASS THE ACTIVE COMPONENT ENDSTRENGTH FOR THE FIRST TIME IN OUR PEACETIME HISTORY. IN THE CIVILIAN COMPONENT, WE PROJECT A LEVEL ESTIMATE OF STRENGTH, WHICH IS DOWN ABOUT 1000 FROM OUR FY86 LEVEL. (CHART 1)

ARMY MANPOWER
(ENDSTRENGTH)

	FY 86	FY 87	FY 88	FY 89
CIVILIAN	413,000	412,153	411,530	412,308
ACTIVE MIL	780,980	780,800	780,900	780,900
RESERVE MIL *	755,903	772,059	789,200	804,000
ARNG	446,194	452,681	458,800	464,900
USAR	309,709	319,378	330,400	339,100

* INDICATES SELECTED RESERVE

CHART 1

THROUGH AN EXTRAORDINARY EFFORT ON THE PART OF OUR DEDICATED RECRUITERS AND WITH THE INCENTIVES PROVIDED BY THE CONGRESS, THE QUALITY OF OUR FORCE IS BEING MAINTAINED, AND WITH IT, THE LEVEL OF OUR PERSONNEL READINESS. IN FISCAL YEAR 86, 63% OF OUR RECRUITS FOR THE ACTIVE FORCE WERE IN THE UPPER TEST SCORE CATEGORY, WHILE ONLY 4%, THE LOWEST IN ARMY HISTORY, WERE IN THE LOWEST RECRUITABLE CATEGORY. NINETY-ONE PERCENT OF THESE NEW SOLDIERS WERE HIGH SCHOOL DIPLOMA GRADUATES. (CHART 2) IN THE RESERVE COMPONENTS WE HAVE ACHIEVED A SIMILAR DISTINCTION - THE QUALITY OF RC ACCESSIONS IN FY86 WAS THE HIGHEST IT HAS EVER BEEN.

NPS ACCESSIONS BY AFQT CATEGORY

(PERCENT)

AFQT CAT	YOUTH POP	ACTIVE ARMY 80	82	84	86	87 (GOAL)	ARNG 86	USAR 86
I–IIIA	50	26	53	63	63	63	51	60
IIIB	19	22	28	27	33	27	38	31
IV	21	52	19	10	4	10	11	8
HSDG	74	54	86	91	91	91	87	91

NUMBERS MAY NOT ADD DUE TO ROUNDING

CHART 2

THE IMPACT OF QUALITY SOLDIERS ON READINESS IS VITAL TO UNDERSTANDING THEIR IMPORTANCE TO THE ARMY. QUALITY SOLDIERS HAVE HIGH SCHOOL DIPLOMAS AND SCORE HIGH ON ARMED FORCES QUALIFICATION TESTS. THEY ARE MORE LIKELY TO COMPLETE ENLISTMENTS, ARE MORE TRAINABLE, BETTER PERFORMERS AND LESS PRONE TO INDISCIPLINE. THE IMPROVEMENT OF QUALITY AMONG THE SOLDIERS IN THE ARMY HAS MANIFESTED ITSELF IN A MANPOWER SAVINGS EQUIVALENT TO A DIVISION'S WORTH OF SOLDIERS (12,000 PLUS) STILL SERVING EACH FISCAL YEAR. BESIDES THE SAVINGS OF ABOUT $200M EACH YEAR IN RECRUITING AND TRAINING COSTS, MANY MORE YEARS OF EXPERIENCE AND MATURITY REMAIN IN UNIFORM.

THE ARMY AND ALL THE SERVICES ARE FACING DECLINING MARKET CONDITIONS. THE RECRUITMENT OF QUALITY SOLDIERS INTO OUR ACTIVE AND RESERVE COMPONENTS IS A FRAGILE ENTERPRISE, LIKENED TO A GLASS BALL WHICH IS SUPPORTED BY SEVERAL CRITICAL PROGRAMS. MAINTAINING THE ARMY'S PERSONNEL READINESS AT ITS CURRENT HIGH LEVELS IN THE FUTURE WILL REQUIRE THE SUSTAINMENT OF THESE PROGRAMS. THE ARMY FEELS STRONGLY THAT OUR SUCCESS WILL CONTINUE IF THESE PROGRAMS ARE CONTINUED AT CURRENT LEVELS.

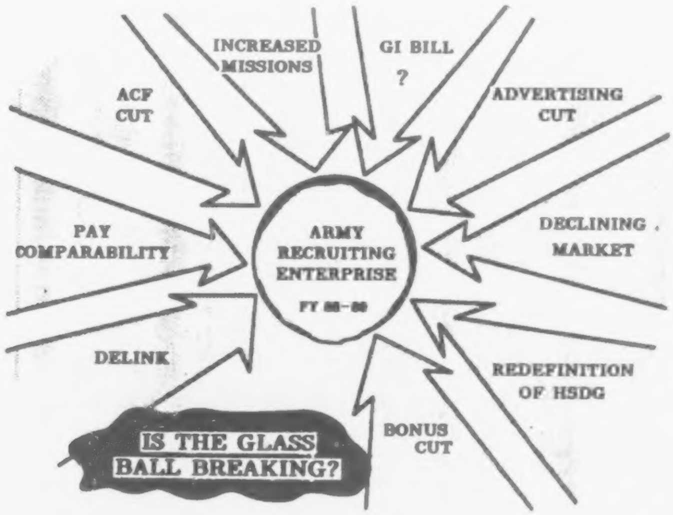
QUALITY RECRUITS ARE BROUGHT INTO OUR RECEPTION STATIONS THROUGH A COMBINATION OF DETERMINED EFFORT ON THE PART OF OUR INDIVIDUAL RECRUITERS IN THE FIELD, SERVICE SPECIFIC ADVERTISING, THE NEW GI BILL, AND INCENTIVE PROGRAMS DESIGNED TO FILL CRITICAL, SHORTAGE SKILLS.

OUR RECRUITERS WILL ALWAYS BE DILIGENT IN THEIR EFFORTS AND WE IN THE ARMY ARE PLEASED THAT THE CONGRESS IS MOVING TO MAKE THE NEW GI BILL PERMANENT - A PROGRAM VITAL TO THE ARMY'S RECRUITING EFFORTS. SEVENTY-SIX PERCENT OF THE ACTIVE ARMY'S RECRUITS ARE PARTICIPATING IN THE NEW GI BILL PROGRAM. CURRENT MONTHLY RATES RUN FROM 82 TO 85%.

THE NEW GI BILL HAS BEEN A POSITIVE ADDITION TO THE ARMY NATIONAL GUARD (ARNG) AND US ARMY RESERVE (USAR) RECRUITING AND RETENTION PROGRAMS AS WELL. QUALITY ACCESSIONS AND SIX YEAR

CONTRACTS ARE UP SUBSTANTIALLY. IN THE FIRST FULL YEAR OF THE NEW GI BILL FOR THE RESERVE COMPONENTS, USAR UPPER TEST CATEGORY RECRUITS ARE UP 24%, ARNG HIGH SCHOOL GRADUATE RECRUITS ARE UP 13% AND USAR SIX YEAR ENLISTMENTS ARE UP 28%.

BECAUSE OF THE RECRUITING SUCCESS THE ARMY IS ENJOYING, PARADOXICALLY, INCENTIVE PROGRAMS USED TO FILL CRITICAL, SHORTAGE SKILLS AND INCREASE LENGTHS OF ENLISTMENT ALSO APPEAR TO BE AT RISK. THE TWO PRIMARY FINANCIAL INCENTIVES OFFERED TO LIMITED NUMBERS OF RECRUITS ARE THE ARMY COLLEGE FUND (ACF) AND THE ENLISTMENT BONUS (EB). THESE INCENTIVES ARE TARGETED TO THE TWO PARTS OF THE DUAL YOUTH MARKET -- THE COLLEGE ORIENTED MARKET AND THE EMPLOYMENT ORIENTED MARKET. THE ACF PROVIDES AN ADDITIONAL, HIGHLY TARGETED BENEFIT ABOVE THE BASIC GI BILL, ATTRACTIVE TO THE COLLEGE ORIENTED MARKET. THE ENLISTMENT BONUS APPEALS TO AND ATTRACTS JOB/SKILLS ORIENTED YOUTH. BOTH OF THESE PROGRAMS RECEIVED RESOURCE REDUCTIONS DURING THE FY 87 AND FY 88/89 BUDGET PROCESSES. ANOTHER CONCERN I HAVE DEALS WITH THE CONGRESSIONALLY MANDATED DELINKING OF THESE TWO INCENTIVE PROGRAMS. AT ONE TIME A HIGH QUALITY RECRUIT COULD RECEIVE BOTH THE ACF AND THE EB IF HE OR SHE SIGNED UP FOR A CRITICAL SKILL AND A FOUR YEAR ENLISTMENT. OUR RESEARCH HAS SHOWN THAT THE DELINKING OF ACF AND EB LOST THE ARMY OVER 16,000 MANYEARS OF ENLISTMENT AND COST THE ARMY ALMOST $10M IN FY 86. I FEEL IT IS TIME FOR THE CONGRESS TO RECONSIDER THEIR DECISION TO DELINK THE ACF FROM THE EB.


INCREASED MISSIONS
GI BILL
?
ACF CUT
ADVERTISING CUT
ARMY RECRUITING ENTERPRISE
FY 88-89
PAY COMPARABILITY
DECLINING MARKET
DELINK
REDEFINITION OF HSDG
BONUS CUT
IS THE GLASS BALL BREAKING?

RETENTION OF THE QUALITY SOLDIERS WE RECRUIT IS ALSO IMPORTANT TO MAINTAINING PERSONNEL READINESS. IT IS THE QUALITY SOLDIERS WE RECRUIT TODAY WHO WILL BECOME THE EXPERIENCED LEADERS OF TOMORROW'S ARMY. INCENTIVES SUCH AS THE SELECTIVE REENLISTMENT BONUS ARE ESSENTIAL TO RETAINING CRITICAL SKILLS WITHIN THE FORCE.

ANOTHER SIGNIFICANT PROGRAM CRITICAL TO OUR RETAINING SOLDIERS IS THE MORALE, WELFARE, RECREATION (MWR) PROGRAM. WE FEEL THAT SOLDIERS ARE ENTITLED TO THE SAME QUALITY OF LIFE THAT IS AFFORDED TO THE SOCIETY THEY ARE PLEDGED TO DEFEND. THE CONGRESS HAS SHOWN THAT THEY AGREE. THE MWR PROGRAM CONTRIBUTES TO READINESS BY PROMOTING MENTAL AND PHYSICAL WELL-BEING, IT ENHANCES ESPRIT DE CORPS, ALLOWS SOLDIERS TO WORK AND SOCIALIZE AS A UNIT, AND IT PROVIDES AN ALTERNATIVE TO ALCOHOL AND DRUG ABUSE. THERE ARE CONCERNS IN THE CONGRESS AS TO WHAT EXTENT SUCH A PROGRAM SHOULD BE FUNDED BY APPROPRIATED FUNDS. THE ARMY, WORKING WITH THE OFFICE OF THE SECRETARY OF DEFENSE AND THE CONGRESS, IS STRIVING TO RESOLVE THIS ISSUE. WE ARE MOVING OUR ENTIRE MWR STRUCTURE TOWARD A MORE BUSINESS-LIKE OPERATION IN CONCERT WITH THE GUIDANCE FROM THE CONGRESS. IT IS OUR HOPE THE CONGRESS WILL CONTINUE TO SUPPORT US IN OUR EFFORTS WITH RESOURCES SUFFICIENT TO MAINTAIN PROPERLY OUR READINESS POSTURE DURING THIS TRANSITION.

A MAJOR SUB-SET OF THE MWR PROGRAM IS THE ARMY FAMILY PROGRAM. THANKS TO YOUR ASSISTANCE, WE ARE MAKING SUBSTANTIAL IMPROVEMENTS IN THE QUALITY OF LIFE PROGRAMS FOR OUR SOLDIERS AND THEIR FAMILIES. OUR FY 88/89 PROGRAM REQUEST IS SHOWN ON CHART 4. WE KNOW THAT THE ARMY RECRUITS SOLDIERS, BUT RETAINS FAMILIES. FIFTY-SEVEN PERCENT OF OUR SOLDIERS ARE MARRIED, 51% HAVE CHILDREN. A DEFENSE MANPOWER DATA CENTER REPORT ENTITLED "DESCRIPTION OF SPOUSES OF OFFICERS AND ENLISTED PERSONNEL IN THE U.S. ARMED FORCES: 1985" PROVIDES EMPIRICAL CONFIRMATION THAT SPOUSE AND FAMILY SATISFACTION AND QUALITY OF LIFE DIRECTLY INFLUENCE RETENTION. SOLDIERS WHOSE FAMILIES ARE SECURE, PROPERLY HOUSED AND CARED FOR, TRAIN BETTER AND FIGHT BETTER.

ARMY FAMILY PROGRAM

"A COMMITMENT TO SOLDIERS"

	FY86	FY87	FY88	FY89
COMMUNITY DEVELOPMENT				
VOLUNTEER MANAGEMENT	0.0	1.3	2.9	3.0
INFORMATION AND REFERRAL	3.0	7.0	11.4	11.8
FAMILY DEVELOPMENT				
OUTREACH FOR JR ENL FAMILIES	0.0	2.4	4.7	4.8
BUDGET PLANNING & DEBT MGMT	3.4	6.8	10.6	10.9
EMPLOYMENT ASSISTANCE	0.7	4.6	8.8	9.2
DRUG AND ALCOHOL ABUSE REHAB	0.0	3.7	5.4	5.3
FAMILY FITNESS	0.0	0.0	1.1	3.8
EXCEPTIONAL FAM MEMBER PRGM	11.3	12.1	17.0	17.1
CHILD AND YOUTH DEVELOPMENT				
EDUCATIONAL SPECIALISTS	0.0	5.8	11.7	12.1
HOME DAY CARE	6.2	7.8	11.8	14.1
AFTER-SCHOOL ("LATCH KEY")	0.0	2.7	6.5	7.9
YOUTH SPONSORSHIP	0.0	0.0	1.1	4.4
	$24.6	$54.2	$93.0	$104.4

CHART 4

THE PERMANENT CHANGE OF STATION OR PCS PROGRAM IS USED TO MAINTAIN READINESS IN OUR OVERSEAS FORCES AND TO PROMOTE PROFESSIONAL DEVELOPMENT AND TRAINING. WE AGREE WITH THE CONGRESS, THAT STABILITY PROMOTES READINESS AND WE HAVE INITIATED CHANGES IN OUR PROGRAM TO INCREASE STABILITY. THE PCS PROGRAM HAS TAKEN SIGNIFICANT REDUCTIONS DURING THE FY 87 CONGRESSIONAL BUDGET PROCESS. WE HAVE MADE POLICY CHANGES IN OUR PROGRAM TO ABSORB THE REDUCTIONS AND IMPLEMENT THE INTENT OF THE CONGRESS. BUT OUR PROGRAM CANNOT TAKE FURTHER REDUCTIONS WITHOUT ADVERSE IMPACTS TO PERSONNEL READINESS. SOME OF THE CHANGES IN POLICY INCLUDE INCREASING THE TOUR LENGTH OF FIRST TERM SOLDIERS OVERSEAS FROM 18 TO 24 MONTHS AND EXTENDING THE TIME-ON-STATION GOAL IN CONUS TO FOUR YEARS. THE UNCERTAINTY IN THE FORCE AS TO WHAT CHANGES MAY OCCUR IN THE FUTURE PCS PROGRAM IS ALREADY BEGINNING TO IMPACT ADVERSELY ON SOLDIER RETENTION, AND WE FIND CAREER SOLDIER REENLISTMENT AT ITS LOWEST LEVEL IN SIX YEARS. I WOULD HOPE NO FURTHER CUTS ARE ANTICIPATED. IF THEY ARE, THE ARMY WOULD LIKE TO PRESENT ITS CASE IN OPEN HEARING BEFORE THIS BODY.

THE ARMY HAS MOVED SINCE 1983 TO CHANGE THE ALIGNMENT OF THE FORCE AND IMPROVE READINESS, WITHIN A CONSTANT ACTIVE

ENDSTRENGTH. THESE CHANGES INCLUDE AN INCREASE IN THE NUMBER OF OFFICERS IN THE FORCE AND AN INCREASE IN THE NUMBER OF NON-COMMISSIONED OFFICERS (NCOS) -- A GROWTH IN COMPANY-GRADE LEADERS, PRECISELY WHAT WAS NEEDED TO FILL THE "HOLLOW" ARMY. THESE CHANGES WERE MADE IN RESPONSE TO THE CHANGING MISSIONS, DOCTRINE, TACTICS AND EQUIPMENT OF THE ARMY AND AN EXISTING SHORTAGE OF NCOS. THE CHANGE IN FORCE ALIGNMENT IS BASED ON VALID DOCUMENTED REQUIREMENTS. BECAUSE OF THESE CHANGES, THE ARMY IS A MUCH MORE CAPABLE FIGHTING FORCE TODAY THAN IT WAS IN 1980. DOD WILL BE COMING TO YOU SHORTLY WITH A DETAILED LAYOUT OF THE OFFICER GROWTH AND THE IMPACT OF YOUR 6% REDUCTION IN OFFICER STRENGTH, BUT I CAN TELL YOU TODAY THAT THE REDUCTION MANDATED IN FY 88 AND FY 89 AND ALREADY TAKING PLACE IN FY 87 WILL TAKE LIEUTENANTS OUT OF THE PLATOONS AND AVIATORS OUT OF COCKPITS AND THAT WILL HURT THE ARMY'S READINESS.

A VITAL ASPECT OF THE READINESS IN THE RESERVE COMPONENTS IS THE FULL-TIME SUPPORT PROVIDED BY THE ACTIVE GUARD AND RESERVE SOLDIERS AND THE MILITARY TECHNICIANS. THE FULL-TIME SUPPORT PROGRAM IS NECESSARY TO SUPPORT PLANNED UNIT ACTIVATIONS AND TO INCREASE THE RESERVE COMPONENT READINESS POSTURE BY ALLOWING RC PARTICIPATION IN AC EXERCISES, BY SUPPORTING FORCE MODERNIZATION, BY RECRUITING A QUALITY RESERVE FORCE AND BY PLANNING FOR MOBILIZATION CONTINGENCIES. CURRENTLY, ONLY 76% OF THE FULL-TIME SUPPORT REQUIREMENTS ARE MET.

I WANT TO MENTION THE DOD REORGANIZATION ACT OF 1986, PARTICULARLY TITLE IV OF THAT ACT. THE ARMY IS FOURSQUARE BEHIND THE EFFORT TO IMPROVE OUR JOINT CAPABILITIES AND IS MOVING AHEAD TO IMPLEMENT THE LAW. WE ARE EXAMINING VERY CLOSELY THE IMPACT OF JOINT EDUCATION AND TOUR LENGTH REQUIREMENTS TO DETERMINE MODIFICATIONS REQUIRED TO ENSURE THE INTENT OF CONGRESS IS PRESERVED.

CIVILIAN PERSONNEL READINESS IN THE ARMY'S SUPPORT BASE IS THE FOUNDATION UPON WHICH THE ARMY CONDUCTS SUSTAINED OPERATIONS.

PROVIDING QUALITY, TRAINED CIVILIAN LEADERS IS KEY TO PROMOTING THIS READINESS AND I WANT TO INFORM YOU THAT THE ARMY IS CURRENTLY UNDERTAKING A CIVILIAN PERSONNEL MODERNIZATION PROJECT WHICH WILL LAY THE FOUNDATION TO PROVIDE THESE LEADERS IN THE YEARS AHEAD. HAND-IN-GLOVE WITH CIVILIAN PERSONNEL READINESS IS THE MANAGEMENT OF CIVILIAN STRENGTH. AS I TOLD YOU EARLIER, WE ARE LOOKING TO LEVEL OUR CIVILIAN STRENGTH ESTIMATE AT ABOUT 412,000 -- DOWN FROM 420,000 IN FY 85. WE HAVE MANAGED THE 412,000 LEVEL OF OUR CIVILIAN WORK FORCE THROUGH PRODUCTIVITY AND OTHER EFFICIENCY REVIEW MEASURES. WE ARE MANAGING OUR CIVILIAN MANPOWER PROGRAM WITHIN THE FUNDING APPROVED IN THE FY87 PRESIDENT'S BUDGET. FOR THE FY 88/89 BUDGET, CURRENTLY UNDER YOUR REVIEW, WE PLAN TO DO THE SAME. MUCH OF OUR CIVILIAN PROGRAM IS WORK LOAD DRIVEN, ESPECIALLY IN THE DEPOT AND INDUSTRIAL FUND SYSTEMS, AND TO THE EXTENT FUNDS ARE AVAILABLE TO DO THE WORK, THE CIVILIAN WORK FORCE WILL BE THERE TO DO THE JOB. THE ARMY'S OPERATIONAL FLEXIBILITY HAS BEEN ENHANCED BY THE REMOVAL OF END STRENGTH CEILINGS AND FOR THIS WE THANK THE CONGRESS FOR ITS SUPPORT.

NOT SINCE THE END OF THE VIETNAM WAR HAS OUR PERSONNEL READINESS BEEN AS HIGH AS IT IS NOW. WE NOW FACE A TREMENDOUS CHALLENGE TO MAINTAIN THE LEVEL WE, AS A COUNTRY, CURRENTLY ENJOY. WE IN THE ARMY WILL BE DILIGENT IN THAT EFFORT.

THERE HAVE BEEN CONCERNS THAT THE ALL-VOLUNTEER FORCE OF TODAY IS TOO COSTLY, OR DOES NOT REPRESENT THE COUNTRY AS A WHOLE. WE FEEL STRONGLY THAT THE VOLUNTEER ARMY OF TODAY CAN BE MAINTAINED AT ITS CURRENT LEVEL OF QUALITY SOLDIERS AND PERSONNEL READINESS WITH OUR REQUESTED BUDGET RESOURCE LEVELS. THE ARMY IS DEEPLY APPRECIATIVE OF YOUR CONTINUED SUPPORT AND WE PLEDGE HIGHLY PROFESSIONAL STEWARDSHIP OF OUR NATIONAL TREASURE AND THE MAINTAINENCE OF THE COMBAT READY ARMY THE NATION DESERVES.

PREPARED STATEMENT OF VICE ADM. DUDLEY L. CARLSON,
Deputy Chief of Naval Operations for
Manpower, Personnel and Training and
Chief of Naval Operations

INTRODUCTION/OVERVIEW

Madam Chairman and distinguished members of the Subcommittee, it is once again my privilege and pleasure to appear before you in my capacity as the Deputy Chief of Naval Operations for Manpower, Personnel and Training, and the Chief of Naval Personnel.

My statement describes the Navy's manpower, personnel and training budget request for fiscal years 1988 and 1989, including active military, reserve military, and civilian components. It also details our personnel readiness posture, retention and recruiting trends, quality of life and management initiatives, concluding with an overview of training. I would like to begin with some overall observations as we enter the budget development process.

Thanks to your continued support and that of the nation we will see the realization of a 600-ship Navy within the time span covered in this biennial budget. From my perspective as Chief of Naval Personnel, you will find your wise investments of the past have yielded dividends in a rejuvenated, lean, combat-ready naval force manned and supported by men and women who are among the best and brightest the country has to offer. The quality of the force continues to be superb with tracking indicators such as readiness, retention, discipline and other statistics signaling continued good news. From a waterfront viewpoint, the intangible indicators are even better. Morale and esprit de corps are high, with a sense of purpose and a commitment apparent from the newest seaman recruits to our most seasoned sailors. That we have been able to attract and keep these men and women on board, in spite of the unique demands we place upon them, are the factors most responsible for the remarkable naval recovery we have made in the course of the past six years.

My principal challenge is to sustain these hard won gains and man a growing Navy with the proper number of people with the appropriate skill and experience mix in a period of severe fiscal constaints. To accomplish this we are asking you to support a modest endstrength increase of just over one percent in each of the next two years. For FY-88 the active growth number would be roughly equivalent to the crew and air wing aboard USS NIMITZ when she sailed from Norfolk last December. That is a useful comparison since over 90 percent of our requested growth is, in fact, targeted to fleet forces. There is a commensurate growth in the Reserve Force reflecting a commitment to improved medical capability, continued expansion of the Naval Reserve with associated equipment modernization. Navy's civilian manpower component will perform its extremely important support role with a relatively constant level of manpower in FY-87 through FY-89.

Demographic prognoses notwithstanding, the required quality and quantity is available in the nation's manpower pool to support the service's long range needs, provided we are allowed to compete in the marketplace. This includes not only gaining but also retaining the right people. Doing this requires adequate recruiting resources and a fair, competitive and stable compensation package which includes the necessary special pays and bonuses. These special pays and bonuses are critical to targeting scarce resources to overcome specific skill shortages. Over the years the Congress has recognized Navy's unique requirements in this area by providing the compensation tools to help overcome the retention detractors implicit in the rigors of sea duty and the accompanying extended family separation.

While my report to you this year continues the good news of my two predecessors, I am not without concerns. One area is our pattern of growth during this period of naval recovery. The continuing restrictions reflected in our authorized growth profile has long-term implications which will result in a shortage in experienced petty officers and mid-grade officers in the early 1990s. Our budget requests each year have included the manpower increments for ships to be delivered 2, 3 or 4 years hence. The effect of the lower-than-requested growth profile has resulted in personnel being accessed later than planned. This delayed growth simply slides anticipated experience levels beyond ship delivery dates, leaving us no option but to place ever-increasing demands on our experienced personnel to meet operational commitments.

In this light, my most important priority this and next budget year is gaining approval of our officer and enlisted active and reserve endstrength requests. We can simply no longer drain resources from shore support to man the fleet.

My second concern, though of no less importance, is gaining approval of initiatives to improve the low retention rates of many of our enlisted critical skills, nuclear trained officers, pilots and those enlisted reservists serving on our Naval Reserve Force ships. Each of these initiatives is a cost effective special pay directed at a specific problem. Closely related is our concern that nearly all of the bonuses and special pays previously authorized expire on September 30, 1987. Without timely extension, all of these effective management tools will cease to exist, creating hardships and causing confusion among sailors and their families.

While the FY-88 budget contains large decreases in moves and dollars for discretionary moves, I am concerned that our discretionary moves program may not be executable below the FY-87 level. We must establish a careful balance between quality of life, hardships of extended sea duty, family separation and professional development. Extending sea tours any longer is clearly not a wise management decision.

Our legislative program includes a modest number of quality-of-life and compensation initiatives. Some are family-support oriented or strive to maintain competitiveness of the military compensation system, while others are designed to overcome specific manning problems or eliminate inequities for Navy people. Your support is needed in approving these initiatives for our men and women.

In summary, we recognize that the last three Congresses have been supportive of the growth of today's Navy to meet our national commitments and enabled us to execute our maritime strategy. For this, we as military leaders, are most grateful. I look forward to your continued support, the wisdom of your guidance, and an effective dialogue with the 100th Congress.

BUDGET REQUEST FOR THE TOTAL FORCE

Our Total Force approach is to set the proper mix of active, reserve and civilian forces to maintain the level of readiness necessary to meet both peacetime commitments and war plan requirements. Designated manpower growth is needed to safeguard the gains we have made in total naval capability, readiness and performance. In 1989 we will reach our objective of a 600-ship Navy, the result of the expansion effort originally determined in 1981 and which commenced in 1983 [Figure 1].

FIGURE 1

NAVY SHIP AND SQUADRON GROWTH

	83	84	85	86	87	88	89
Ship's Battle Forces	513	523	545	555	569	582	605
Squadrons	223	228	231	239	243	243	243
Carrier Air Wings	12	13	13	13	14	14	14

Active Duty Manpower. The FY-88 manpower budget request asks for a 1.1 percent increase in active military manpower, from 587,000 to 593,200; the FY-89 request increases 1.6 percent to 602,800. Although Navy has need for more endstrength than requested, this request reflects the minimum essential level to support a measured increase of manpower which will allow Navy to adequately man and support our force.

Originally, we had planned to achieve the bulk of active manpower growth by 1986. Our requirements have not lessened, but because of congressionally-imposed constraints our endstrength increases have not matched the requests contained in the President's budgets [Figure 2].

FIGURE 2

ACTIVE MILITARY ENDSTRENGTH GROWTH

(MPN ONLY)

	PRES BUDGET	AUTHORIZED	DIFFERENCE
FY-83	569,200	560,300	-8,900
FY-84	572,200	564,800	-7,400
FY-85	575,300	571,300	-4,000
FY-86	586,300	581,300	-5,000
FY-87	592,700	587,000	-5,700

Each year the military pay accounts which fund endstrength increases have proven to be vulnerable to near-term budget reductions. The constant incremental lowering by successive budget cycles of Navy's requested manpower growth affects our future. Being "time late" in achieving required manpower growth results in an experience shortfall, since fewer personnel acquire skills in the present to provide necessary technical leadership in the future.

The growth that has been authorized has been directed primarily to the fleet forces to man our new ships and squadrons. The ratio of combat to support activities continues to improve, from 1.60 in FY-80 to 1.82 last year, to 1.84 in FY-88 and 1.88 in FY-89. Through internal realignments and actual decreases in manpower levels in individual areas of support, over 99 percent of our active duty increase of 6,200 in FY-88 is directed toward strategic, tactical and mobility forces. Reallocation within support forces also allows a 16 percent growth to units with direct fleet support missions. In FY-89, we have planned 98 percent of the 9,600 growth to the fleet forces, with the remainder to direct fleet support.

It is well documented that overall readiness is directly related to manning levels. Therefore, we must avoid endstrength erosion and must not jeopardize fleet support capability and the sea/shore rotation of personnel. Since we are nearly at the 600-ship Navy objective, we must maintain the momentum that was implicit in the earlier procurement decisions to provide adequate manpower to carry out our program.

Active Duty Enlisted Strength. We grow our inventory from the "bottom up" rather than "hiring petty officers off the street." When our endstrength growth is reduced from the required level, as it has been the past five years, we must adjust our manpower strategy. As we have already directed the majority of our approved manpower growth to the ships and hardware now coming on line, we have not allowed adequate growth in the shore establishment. We can no longer afford this course of action. The reduction to authorized billets ashore not only lowers overall readiness but seriously affects the Navy-unique sea/shore rotation. Fewer shore billets and more sea billets translates to more time at sea thereby increasing family separation for those at sea and longer work hours for the sailors assigned ashore. An unsatisfactory situation is developing that will lead to lower retention and decreased personnel readiness similar to the late 1970s. In addition, the youth of today are more aware of this arduous life style and may begin to show hesitation to "enlist Navy."

An experience shortfall within our sea intensive ratings continues to build, particularly where there is large billet growth associated with the new hardware. We need to access today the petty officers for the Navy of the 1990s. A review of the E-6 paygrade (a critical paygrade in the force structure) for several ratings reveals significant declines in experience levels only due in part to growth in these ratings [Figure 3]:

FIGURE 3

AVERAGE LENGTH OF SERVICE (YEARS)

	FY-83	FY-86
SONAR TECHNICIAN (SURFACE) (STG)	9.9	8.9
AVIATION ANTISUBMARINE WARFARE OPERATOR (AW)	11.4	11.1
OPERATIONS SPECIALIST (OS)	11.2	10.6
ELECTRONICS WARFARE TECHNICIAN (EW)	10.2	9.5
GAS TURBINE SYSTEMS TECHNICIAN (MECHANICAL) (GSM)	9.8	9.5

Each of these ratings - the STG/AW searching for Soviet submarines; the OS/EW off Libya monitoring air/surface activity; and the GSM operating the ship's engines - are critical to the success of our mission. The lower experience level for each could lead to an incorrect evaluation of a hostile threat or mechanical problem ultimately costing not only millions of dollars, but lives. We must be willing to provide the right people to properly maintain and use the hardware already paid for with tax dollars.

Navy petty officers are unique in that they not only maintain and operate equipment; they are often in the role of making independent, short-fused decisions which ultimately impact on the success of the unit and its mission. Whether in a multi-threat environment, the engineering control room, or a damage control fire-fighting party, our petty officers need the proper experience to lead.

The FY-88 budget requests an enlisted endstrength in 1988 of 513,725 and 522,598 in FY-89.

Active Duty Officer Endstrength. As with enlisted endstrength, the budget contains some minimal officer endstrength growth to support our fleet expansion. Our request includes an endstrength of 74,700 in FY-88 and 75,427 in FY-89. These increases will not appreciably change our aggregate officer to enlisted ratio, already at 1:7.0. Our officer to enlisted ratio, in fact, has not dipped below 1:6.9 since FY-83 when the Navy recovery program began. Five-year projections indicate we will remain at or near this proportion.

The congressionally mandated officer cuts in FY-88 and FY-89 of two percent and three percent, respectively, are of grave concern to the Navy. The officer reductions appear to be unrelated to any change in service missions, combat capability, force levels, or national commitments. If they are applied to Navy in addition to the FY-87 reduction, our officer endstrength in FY-89 will be below FY-83 levels - the year the fleet expansion started! Yet since FY-83, a net of 46 ships and 15 squadrons, including one air wing, have been added to our officer requirements with additional hardware coming on line this year.

I most strongly urge the Congress to revisit the officer reduction decision. A denial of force-structure-driven growth, to say nothing of cuts below current manning, will have very serious effects on our ability to man the fleet, provide required fleet shore support and meet our share of joint duty requirements.

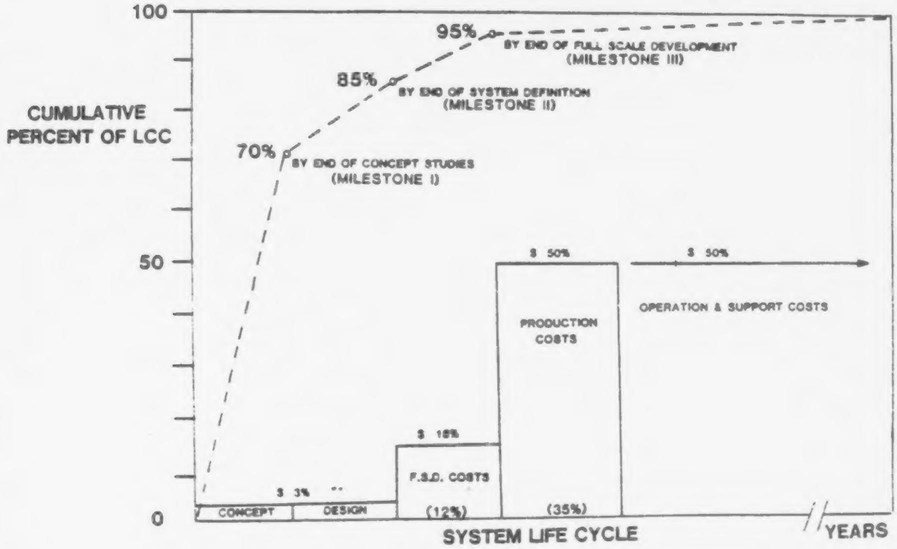
Requirements Determination. We are continuing our essential efforts in determining fleet manpower requirements through the development and promulgation of Ship Manpower Documents and Squadron Manpower Documents. We have taken action to streamline the procedures used to establish requirements ashore. Under our newly modified shore procedures, our central staff will continue to set policy and oversee the process, but major commands and activity commanders will assume a greater role in determining the most efficient and economical workforce required to accomplish approved funded workload. Involving the major commands in the process should speed up the development, acceptance, and application of documented requirements. As a result of this initiative we are achieving a substantial reduction in overhead billets which are now available for manning and supporting the expanded fleet.

HARDMAN Program. Our significant progress made in our ability to manage and control manpower and training requirements growth remains with the Hardware-Manpower Integration (HARDMAN) Program.

Manpower, personnel and training (MPT) costs account for approximately one-third of the total life-cycle costs of weapon systems. As noted in Figure 4, the opportunities to reduce meaningfully life cycle costs occur early in the system development.

FIGURE 4

LIFE CYCLE COSTING IN SYSTEM ACQUISITION



We have developed the capability to make hardware-manpower trade-offs and to identify resultant manpower, personnel and training requirements commencing at the earliest stages of system development. The Navy HARDMAN Program enables MPT affordability and supportabilty to be assessed during acquisition development and before final procurement decisions are made. The rigors of HARDMAN analyses have begun to be applied to all new starts in all acquisition categories. Full consideration of MPT implications of proposed acquisition programs, individually and in the aggregate, will contribute measurably to our ability to sustain personnel readiness over the long term.

Reserve Endstrength. We continue to integrate the Naval Reserve into the Total Force as we approach the goal of the 600-ship Navy. Both Naval Reserve force structure and manpower requirements are increasing. The Navy Manpower Mobilization System (NAMMOS) determines the requirements for the Selected Reserve. Continued growth in the Selected Reserve is bringing us closer to our goal of achieving 100 percent of the NAMMOS requirements.

A major challenge is the planned increase in selected reserve medical personnel. The Navy has programmed 20 fleet hospitals of which 11 are to be manned by the selected reserve. The first five fleet hospital units in the Naval Reserve have been identified as of 1 October 1986. Two more will follow in FY-88. Full manning of these units will require more than 12,000 reserve medical and support personnel.

Among the equipment improvements and modernization efforts we have planned for FY-88 are: the addition of five frigates to the Naval Reserve Force (NRF), for a total of 24; the introduction of the first Mine Countermeasures (MCM) ship; five additional Craft of Opportunity (COOP) units, for a total of 19; three additional Mobile Inshore Undersea Warfare (MIUW) units, totaling 23; and the transition of several aviation units to more modern aircraft. Similar efforts are planned for FY-89.

To meet this growth, we need an increase of 7,914 in total Reserve endstrength in FY-88 and for FY-89 we are looking towards growth of 4,300. This growth includes 1,029 additional full time support (FTS) personnel in FY-88 and 1,160 in FY-89. FTS growth is critical to providing adequate and efficient levels of training and support to our Naval Reserve Force without drawing down active fleet manning to perform these essential functions. Reserve force growth is illustrated in Figure 5.

FIGURE 5

RESERVE FORCE ENDSTRENGTH

	FY-88	FY-89
• Paid Drilling Reservists - Total	134,895	138,035
- (Officer)	27,716	27,951
- (Enlisted)	107,179	110,084
• Full-Time Support - Total	22,505	23,665
- (TAR Officer)	1,909	1,917
- (265 Officer)	233	233
- (TAR Enlisted)	18,847	19,950
- (TEMAC Officer)	188	199
- (TEMAC Enlisted)	1,328	1,366
Total Endstrength in Paid Status	157,400	161,700

In 1983, The Sea and Air Mariner (SAM) program was developed to access 10,000 non-prior service reservists per year into the Selected Reserve to fill E1-E3 mobilization billet requirements. Recruiting goals were met in FY-84 through FY-86. Because of this success and declining requirement for non-rated Selected Reservists we have reduced the accession goals starting in 1987. We plan 7,000 accessions in FY-88 and FY-89.

To meet Selected Reserve junior officer requirements, a parallel officer program (OSAM) was established in FY-85 to access college graduates into the officer corps. Primary accession sources are the Officer Candidate School, NROTC college program, and the Maritime Academies. OSAMs perform initial active duty for training at fleet schools to qualify in warfare specialties. Qualification training varies from three months for those with healthcare designators to two years for Surface Warfare and Naval Flight Officers. They then become drilling reservists for the balance of six years, except for Naval Flight Officers who drill for the remainder of their full eight year military service obligation. At the end of FY-86, 150 OSAMs were in various stages of training, with 300 planned for FY-87. We expect the OSAM program to play an increasingly greater role in filling junior officer requirements in the Selected Reserve.

Full-Time Support of the Naval Reserve includes personnel in the Training and Administration of Naval Reserve (TAR) program, Naval Reserve canvasser-recruiters, and officers recalled to active duty to serve under the provisions of 10 U.S.C. 265. The growth of reserve full-time personnel is a direct result of the total force policy and increased Selected Reserve training requirements.

As the TAR program grows to support the increased numbers of ships, units and associated intermediate maintenance activities, the demand to fill highly technical, mission-essential ratings is increasing as well. Past retention was adequate to meet manning requirements with limited shortfalls. The Sixth Quadrennial Review of Military Compensation is studying ways to increase manning levels.

The Individual Ready Reserve (IRR) has expanded to nearly 75,000 pretrained mobilization personnel. This category of experienced manpower has added significantly to mobilization readiness. IRR growth has been aided by the continuation of a bonus program for selected IRR critical ratings and the extension of military service obligations from six to eight years.

Civilian Strength Issues. Navy's civilian manpower component continues to be an essential element in our Total Force Management Program. The majority of the level of approximately 323,000 civilians programmed for FY-88 and FY-89 directly support our fleet readiness posture. More than half work in industrial fund activities which perform depot level maintenance and repair of ships, planes and associated equipment. Civilians employed at operations and maintenance activities such as supply centers, ship repair facilities, and aviation activities also contribute directly to operational readiness. Other civilians provide essential support in functions such as training, medical care, and the engineering, development, and acquisition of weapons systems, which have a definite, although longer range, impact on readiness.

We intend to maintain a relatively constant level of civilian manpower in FY-87, FY-88, and FY-89. Our civilian estimates, which represent the manpower levels required to execute funded program, reflect a concerted effort to contain personnel costs. These estimates reflect constant or declining workyear and funding levels. The only year-to-year growth in total civilian funding levels will result from authorized pay raises and the costs associated with the new Federal Employment Retirement System (FERS), for which we are required to under write the full government contribution. Endstrength fluctuations between years are the result of scheduling and workyear phasing considerations. Within our FY-88 and FY-89 civilian manpower requests of 323,895 and 323,103, the Navy has been able to provide for new program requirements through the vigorous pursuit of manpower economies and efficiencies, with major savings resulting from Commercial Activities studies, Efficiency Reviews, and other productivity initiatives.

For the budget years FY-86 through FY-89 the Navy has reflected civilian endstrength savings of 2,400 based on completed Commercial Activities studies, performed in conformance with OMB Circular A-76, of some 4,400 civilian positions. These savings have been achieved through decisions to convert to more cost-effective contractor performance or through implementation of "most efficient organizations" for those functions which remained in-house. No advance reductions have been made in anticipation of future savings. We plan to study approximately 4,500 military and civilian positions each year in FY-87 and beyond.

The Navy also anticipates savings from implementation of the Efficiency Review program in which in-house functions excluded from study under OMB Circular A-76 are being reviewed to develop the "most efficient organizations". We project cumulative savings of about 3,700 endstrength by FY-89 based on efficiency reviews which are completed, underway or planned.

The endstrength estimates for industrial fund activities incorporate further reductions in FY-88 and FY-89 resulting from initiatives to improve efficiency and productivity in industrial fund operations. These savings will be achieved through improved scheduling to realize the most efficient working tempo, optimum use of overtime, reductions in overhead, and other measures.

In addition to the economies and efficiencies which have been described, civilian staffing adjustments in FY-88 and FY-89 also reflect shifts in programmatic requirements. Full staffing of our TRIDENT shore facilities will be attained, and civilians will be added to improve the physical security of our bases and stations. Other adjustments in industrial activity civilian levels will ensure that work force and workload are in balance. Manpower levels for aircraft maintenance, ship repair/overhaul and public works have been reduced to match workload.

Civilian Mobilization. The peacetime civilian authorization forms the baseline for civilian mobilization manpower planning. On M-Day and after, the peacetime numbers increase to reflect the growth in support required to build toward and sustain full mobilization. During mobilization, civilian positions will be created to support the buildup.

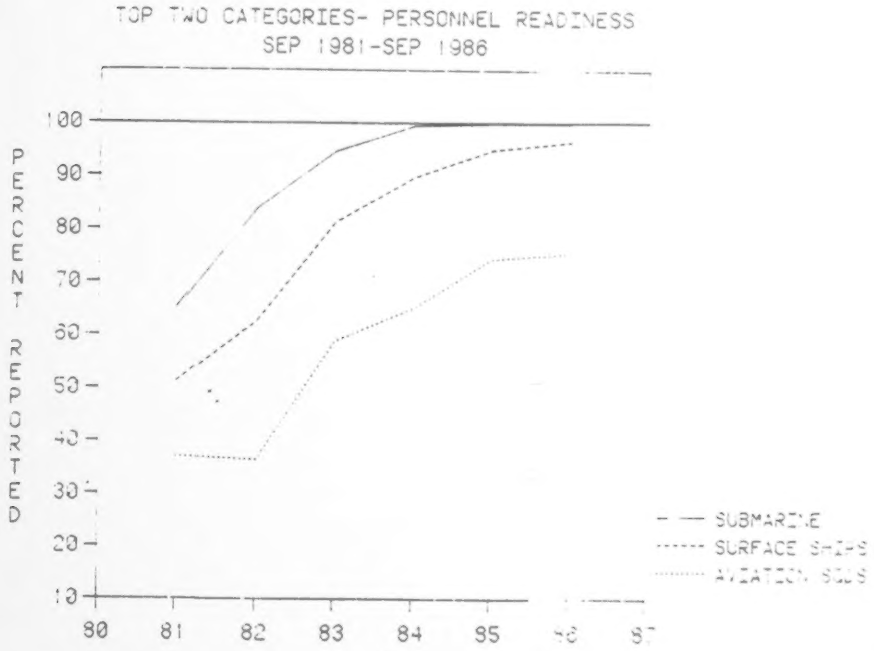
In addition, in order to meet wartime manpower requirements, additional people are needed to replace peacetime employees recalled to perform military duties and to replace the military who are currently filling shore billets. Therefore, Navy will need to procure new hires over the 180-day mobilization scenario. These requirements cover a wide range of skills and occupations, such as depot-level maintenance and repair of ships, planes, and missiles, as well as associated equipment and supply support.

Navy plans for offsetting the shortfall in civilian manpower after M-Day include substantive recruitment efforts using the Emergency-Indefinite appointing authority for the rapid acquisition of new personnel. Other efforts include recall of recently retired civilian personnel and cross-training of on-board staff. It is expected that continued refinements of these plans will result in substantial improvements.

PERSONNEL READINESS

Personnel Readiness Overview. While each of the functional components of overall readiness has shown improvements, personnel readiness continues to be the most noticeable growth area. Since 1981, we have almost doubled the number of ships in the highest two classifications of personnel readiness. This is a qualitative and quantitative measure which gauges not only the number of sailors aboard a ship, but also their skills and experience. Over the past six years, our aggregate career enlisted force experience level has risen 40 percent. In FY-86, 91 percent of the aggregate of ships, submarines and squadrons were manned by crews composed of the proper mix of sailors required to operate the ship to its warfighting limits. Figure 6 shows the average personnel readiness for FY-81 through FY-86.

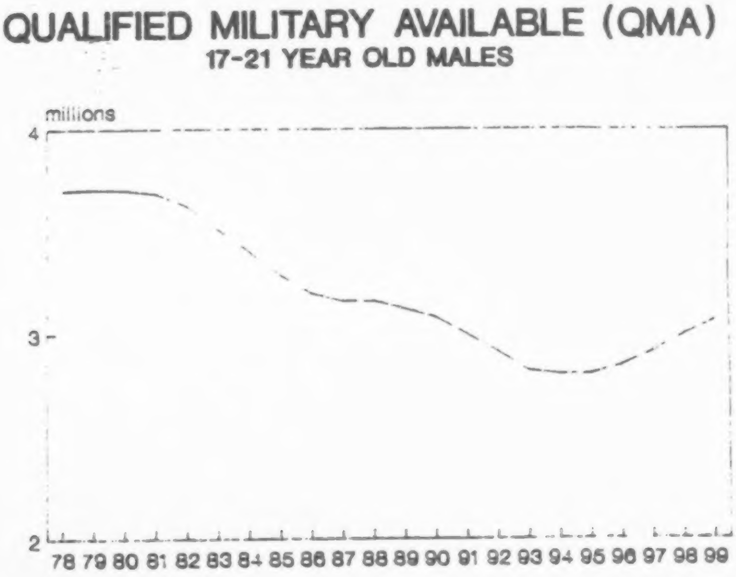
FIGURE 6



The number of ships reporting in the two highest categories of personnel readiness in FY-86 increased to 96 percent from 95 percent in FY-85 and up from 51 percent in FY-81. No submarines have had a personnel readiness level lower than the top category in almost three years. The personnel readiness in our aviation squadrons continues to show a steady, though modest, improvement. For FY-86 the average number of squadrons reporting in the top categories has increased to 75 percent from 74 percent in FY-85, and from 37 percent in FY-81.

Recruiting. Fiscal year 1986 was an overall success for Navy recruiting. We attained 100 percent of the enlisted goal and the majority of officer program goals. This success is directly attributed to a long overdue growth in recruiter manpower and increases in advertising resources. These critical resources were effectively used to overcome a continuing strong economy, low unemployment rates and a declining recruitable youth population, [Figure 8] all of which work decisively against recruiting.

FIGURE 7



source: U.S. Census Bureau

Enlisted Recruiting. In FY-86 we accessed 94,878 enlisted personnel, of which over 79,000 were non-prior service males [see figure 8]. This group is America's largest and most competitively recruited population segment, and we were able to increase production by over 6,000 new recruits. This is a significant accomplishment for our recruiters but for the second year in a row the higher productivity resulted in reduced quality. The number of non-prior service males classified as Upper Mental Groups (UMG), accounted for 59.6 percent of this cohort with 85.3 percent being high school diploma graduates (HSDG). This is a 1.1 percent decline in UMGs and 3.7 percent drop in HSDGs from the previous year. While the decline in UMGs and HSDGs indicates a negative quality trend, we continue to recruit adequate numbers of individuals of proper quality to meet training school and fleet requirements.

FIGURE 8

ONE-NAVY ENLISTED RECRUITING

QUANTITATIVE RESULTS (1)

	FY81	FY82	FY83	FY84	FY85	FY86
GOAL	106,238	94,793	84,798	82,907	87,592	94,878
ATTAINED	106,322	94,793	84,798	82,907	87,592	94,878
%ATTAINED	100.1	100.0	100.0	100.0	100.0	100.0

QUALITATIVE RESULTS (2)

	FY81	FY82	FY83	FY84	FY85	FY86
HSDG	75.8%	78.7%	91.1%	93.0%	89.0%	85.3%
MG I-IIIU (3,4)	54.7%	55.7%	60.9%	59.7%	60.7%	59.6%

NOTES:

(1) INCLUDES ALL PRIOR SERVICE AND NON PRIOR SERVICE MALE AND FEMALE ACCESSIONS.

(2) QUALITATIVE RESULTS ARE PERCENTS OF NON PRIOR SERVICE ACTIVE DUTY ACCESSIONS.

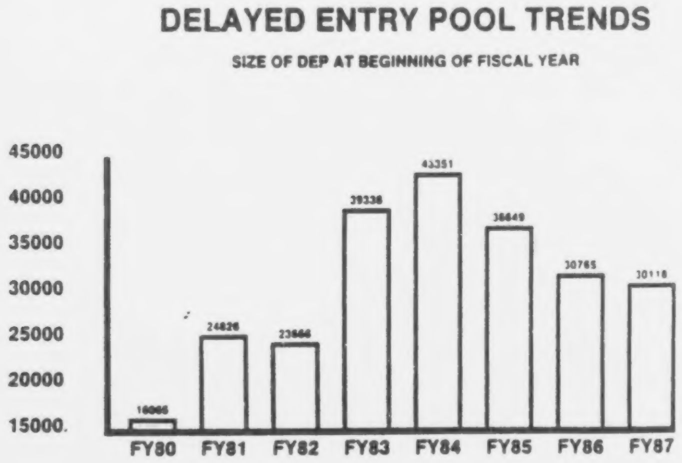
(3) REFLECTS DEFENSE MANPOWER DATA CENTER (DMDC) RENORMED DATA

(4) HISTORICAL REPORTED MG ATTAINMENT, PRIOR TO RENORMING: (%)

FY81	FY82	FY83	FY84	FY85	FY86
64.5	65.8	70.1	69.6	65.1	57.8

An area of continued concern is the steady erosion of our Delayed Entry Pool (DEP). The individual in DEP is normally a high quality applicant who agrees to enter the Navy within 365 days. For the third straight year the DEP declined. Though not as severe as in FY-84 and in FY-85, the FY-86 DEP did lose 647 applicants, as shown in figure 9. Further erosion of DEP was blunted by the tremendous production efforts of our field recruiters, who wrote 12,522 more new contracts than in FY-85. This effort must continue if we are to meet the challenge of our FY-88 goals.

FIGURE 9



Officer Recruiting. Officer recruiting for Unrestricted Line (URL) programs, including Nuclear Power Officer Candidates, met Navy requirements in FY-86, though some Restricted Line (RL) and staff corps programs, particularly medical programs, were not as successful. The specialty requirements for medical programs made them extremely challenging.

With a strong recruiting effort in the spring and summer, we had over 65 percent of the FY-87 overall officer goal in DEP prior to the end of September. This large DEP and an unexpected decrease in officer recruiting goals due to reduced endstrength resulted in the early close-out of most officer programs, with the exception of medical programs. Our recruiting success necessitated turning away large numbers of highly qualified applicants or placing them in DEP until FY-88.

Summary. While the total number of enlisted accessions did not change significantly from FY-86 to FY-87, to meet increasing manpower needs for sea-intensive ratings we raised the number of non-prior service males by 2,500 in FY-87. With a tough market environment and our need to recruit a higher percentage of a declining youth population, our enlisted recruiters will be very hard pressed over the next few years. The major challenge for our officer recruiters will be maintaining Navy awareness within the local community and on college campuses throughout the nation while recruiting for the FY-88 DEP.

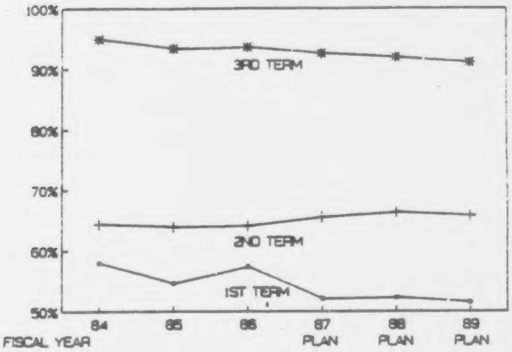
We cannot overemphasize the importance of providing adequate resources to support our recruiting force in the tough years ahead. The healthy economy continues to negatively impact recruiting; increasing competition from the civilian sector and the declining youth population will be significant negative factors during the next several years. If our FY-88 budget request for recruiting manpower and advertising programs is approved, it will greatly assist recruiting not only in meeting our near-term objectives, but will ensure long-term success. Despite the best efforts of our recruiters in maximizing production, we will be very hard pressed to meet critical technical skill goals unless we have sufficient recruiting resources.

Retention

Enlisted Trends/Projections. One of our greatest achievements and continuing challenges has been retaining quality personnel. As shown in figure 10, we have continued to do well but did not achieve the high retention rates of FY-84. Retention is expected to decline in FY-87 due to the strong economic recovery and concurrent increases in civilian employment opportunities. Additionally, many first term personnel in the large FY-83 accession base are nearing the end of their active service obligation and will make their career retention decision in this very competitive environment.

FIGURE 10

ENLISTED RETENTION RATES



	FY-84	FY-85	FY-86	FY-87	FY-88	FY-89
	Actual	Actual	Actual	Plan	Plan	Plan
1st term	58.0%	54.6%	57.4%	52.1%	52.3%	51.5%
2nd term	64.4%	63.9%	64.1%	65.5%	66.3%	65.8%
3rd term	94.9%	93.4%	93.6%	92.6%	91.9%	91.1%

It is useful to reflect on the recent past in order to provide perspective to our current situation. In 1980 we were caught in a downward retention spiral. Inadequate pay had, over time, resulted in cumulative recruiting and retention shortfalls, which in turn led to unavoidable ship and squadron manning problems. To compensate, we had to increase sea tours and supervisory workload, which further aggravated the retention problem. It is not surprising that large numbers of people opted for higher paying and less demanding jobs in the civilian sector. For the past few years we have benefited from the reverse of this spiraling effect. As our inventories increased, we stabilized sea/shore rotation and were able to provide a more reasonable working environment in our ships and squadrons. The important point we must make about this cyclical nature of retention is that we must be extremely sensitive to any change in the trend we have experienced for the past few years. As we have learned, it is extremely difficult, and expensive, to stem a downward spiral, and to recover from the most damaging effect of all - decreased combat readiness.

Economic recovery and concurrent improvements in civilian employment opportunity continually increase the competitiveness of the marketplace. Competitive compensation, retirement system stability, selective reenlistment bonus funding, continued education opportunities, quality of life issues, and other benefits will be major determinants shaping the retention decisions of our servicemembers and molding the overall retention climate for the rest of this decade.

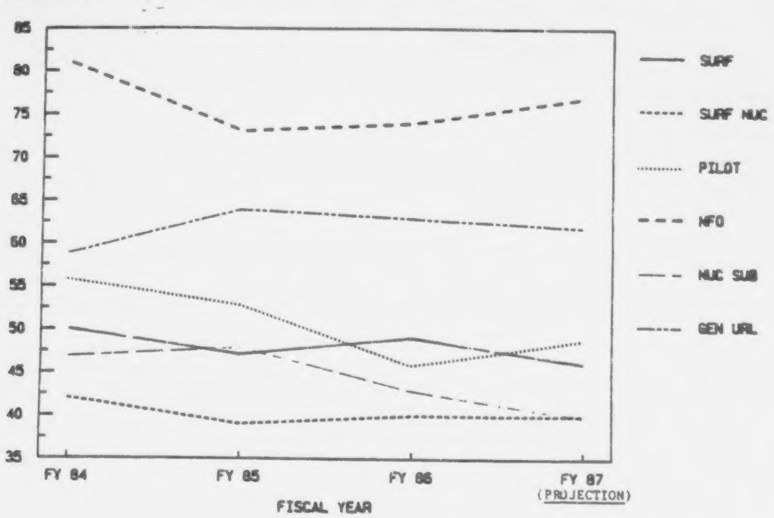
Retention and the Selective Reenlistment Bonus (SRB) program. The SRB program continues to be central to our successful retention program. It is the key element in reducing shortfalls in those critical skills most in demand in the civilian sector. SRB also promotes long-term rating stability by encouraging longer enlistments (5.14 vice 3.89 years average length first term enlistment). In addition, every dollar invested in SRB saves approximately $2.50 in training and replacement costs and prevents the loss of an experience base that cannot be replaced quickly at any price.

Bonus Program Authority. The two primary compensation incentives to attract and retain high quality personnel are the Enlistment and Selective Reenlistment Bonus programs. Since the present bonus programs were authorized, the laws have been extended for short periods in order to evaluate the merits and cost-effectiveness of paying the bonuses. However, repetitive short-term extensions create uncertainty that seriously hampers the ability of individuals to make their career decisions and of the services to plan their long-range recruiting and reenlistment programs with any assurance that the authority will continue. We, therefore, fully support the DoD initiative to make these bonus authorities permanent. We also support the DoD initiative to limit lump sum payments to 50 percent vice 75 percent. This restores service flexibility to apply limited dollars so as to achieve maximum retention of critical enlisted skills within the available budget.

Officer Trends/Projections. Retention continued to decline in FY-86 from the peak retention rates set in 1983/84. Unrestricted Line communities most dramatically affected by this downward trend were nuclear submarine officers and pilots [Figure 11]. Projections for FY-87 indicate nuclear submarine retention will continue to decline. Surface nuclear-trained officers, a subset of the Surface Warfare Officer community, continue to have the lowest retention rate. Retention is not anticipated to hit the severe low levels of the late 1970s and could actually begin to improve in FY-88. However, this improvement may be stymied by a stable economy and increased civilian employment opportunities. Our greatest challenge will be to increase the attractiveness of the military by striving for a compensation package competitive with civilian industry and by improving the quality of Navy life.

FIGURE 11

UNRESTRICTED LINE OFFICER RETENTION RATES



	FY-84	FY-85	FY-86	FY-87 Projected
Surface	50%	47%	49%	47%
Surface Nuclear	42%	39%	40%	40%
Pilot	56%	53%	46%	49%
NFO	81%	73%	74%	77%
Nuclear Submarine	47%	48%	43%	40%
Gen URL	59%	64%	63%	64%

Nuclear Officer Shortages. One of our two most serious officer shortfalls is nuclear officers. We currently have a shortage of 470 experienced nuclear-trained officers in the ranks of Lieutenant Commander through Captain. These officers are required as commanding officers, executive officers, and department heads at sea as well as for key fleet support billets ashore.

Nuclear Officer Incentive Pay Increase. Enhancements to Nuclear Officer Incentive Pay (NOIP) enacted in FY-86 will enable us to grow larger inventories of these officers by optimizing accessions and maximizing retention of nuclear-trained junior officers. The Nuclear Officer Continuation Pay (COPAY) provisions of enhanced NOIP allow us to pay up to $12,000 per year to those nuclear officers agreeing to remain on active duty for a period of three, four or five years beyond their existing service obligation. We are currently employing a COPAY rate of $9,000 per year. Those nuclear officers beyond service obligation who do not opt for COPAY are paid an Annual Incentive Bonus (AIB) of $7,200 (authorized ceiling is $10,000). However, only 33 percent of the nuclear-qualified Lieutenants with five to nine years commissioned service have signed up for COPAY agreements. These are the officers required now and in the near future to serve as nuclear ship department heads. In FY-88, we intend to raise COPAY to $10,000 per year to increase the difference between AIB and COPAY from $1,800 to $2,800. This will make the COPAY agreement more attractive and commit more officers to long-term agreements, thus ensuring their availability for department head assignments. We project that this program will allow us to reduce the experienced nuclear-trained officer shortfall from 22 percent to 12 percent by the end of FY-92.

Spot Promotion. Compensation initiatives such as NOIP cannot immediately solve our experienced nuclear officer shortfall problem. It will take many years of sustained improved accessions and retention to develop the numbers of experienced nuclear-trained officers to meet our hard requirements. For this reason, we will have to continue to assign some exceptional Lieutenants to certain essential Lieutenant Commander engineering billets for the foreseeable future. We recognize the extraordinary degree of responsibility entrusted to these officers by temporarily (SPOT) promoting them to Lieutenant Commander. They hold that rank only so long as they remain assigned to the specific qualifying billet or until regular promotion by a statutory selection board. SPOT promotion is a no-cost management tool - all promotions occur within statutory grade ceilings - that is used only when needed. Additionally, SPOT promotion is a significant incentive for our best officers to seek these particularly difficult assignments. Due to the long-term nature of this situation we are requesting permanent SPOT promotion authority.

Submarine Duty Shortfall. Submarine Duty Incentive Pay (SUBPAY) has proven its incentive value in attracting and retaining sufficient inventories of experienced officer and enlisted personnel in the arduous submarine force career. However, since last increased in FY-81, SUBPAY has eroded in value. Consequently, both submarine officer and enlisted retention are demonstrating declines. Submarine officer retention in FY-87 is projected to be eight percent or more below the retention level achieved two years ago. Similarly, second and third term submarine enlisted retention dropped 13 and 7 percentage points respectively, over the past year. Legislation to restore the value of SUBPAY is under consideration.

Pilot Shortages. The other serious skilled officer manning problem is our inability to retain sufficient numbers of mid-grade pilots. Our pilot shortage is now in excess of 1000. Lieutenant and Lieutenant Commander shortfalls are of major concern in the carrier aviation communities (TACAIR) and are approaching serious proportions throughout our land-based communities. Thus far the shortage has been managed through efficient distribution practices with sea going billets still fully manned. However, shortages are being felt in shore billets where pilots are now going to training commands or Fleet Readiness Squadrons vice post-graduate school and headquarters' staffs. While this may appear as a cost-effective use of assets, it is disruptive to the officer's career needs, and prevents us from using the pilot to fill other billets, including many joint billets requiring aviation-experienced officers.

The need to retain top pilots has become more crucial as the number of squadrons have expanded. The small projected pilot retention increase for FY-87 is not sufficient to erase our pilot shortfall [see Figure 11]. Additionally, a stable economy and increased employment opportunities, particularly with commercial airlines, makes civilian life more enticing. Approximately 6800 pilots were hired by civilian airlines in 1986 alone [Figure 12]. Future Airline Professionals of America (FAPA) forecasts a sustained requirement for at least 5000 new pilot hires through the end of the decade. While not all pilots leaving the service find jobs with the airlines, this ready job market makes the switch from the military to the civilian sector less risky with the prospect of ready employment.

FIGURE 12

AIRLINE HIRING TRENDS

FY	HIRES	EX-MILITARY	% MILITARY
1980	837	695	83%
1981	1330	944	71%
1982	843	590	70%
1983	2186	1301	60%
1984	5137	2054	40%
1985	7904	3700	47%
1986	6787	3007	44%

Several things are being done to improve pilot retention. The Aviation Duty Officer program is designed as a career path alternative for the pilot who is interested primarily in flying. Reduction of deployment lengths, stablizing overseas deployments, increasing in-port time, improving liberty and reducing burdensome administrative duties are all efforts to improve the appeal of naval service. However, this alone is not enough. Unless we can compete adequately with the civilian sector in job satisfaction and pay, we may be unable to retain the number of experienced pilots we need.

Aviation Officer Continuation Pay (AOCP). AOCP has proven to be a very important tool in overcoming critical aviator shortages and retention losses in specific communities. However, participation in the program in FY-86 has ebbed to less than 40 percent of those eligible to accept a contract. This has been matched by a similar decline in aviator retention over the same period. We are pursuing alternative retention reporting and analytical procedures to more quickly predict, correlate and assess the impact of these trends as well as considering improvements to AOCP which will further enhance its appeal to our young aviators.

Last year the Congress provided two important changes to the program by expanding the window of eligibility for six year AOCP contracts for certain aviators and by permitting receipt of Hazardous Duty Pay by the small number of aviators receiving AOCP who are in qualifying billets. These changes are most welcome.

Authority for AOCP expires in FY-87. We would urge extension of this critical program for two years.

Women In The Navy. We currently have over 7,000 women officers and almost 47,000 enlisted women serving in the Navy ashore and at sea. The Women in Ships program has continued to grow with a projected total of approximately 200 officers on 32 ships and 6,000 enlisted women on 62 ships or sea-going staffs by the end of this fiscal year. Women fill important leadership assignments in the officer and enlisted ranks. This year the first two women Unresticted Line Surface Warfare officers are slated to become executive officers of repair ships (tenders). Another milestone is the recent selection of the first woman aviator to command an aviation squadron.

Because women are restricted by law from permanent assignment to combatant ships and aircraft, sound utilization of women requires diversified employment in the shore establishment and full use of available opportunities to serve at sea. Recent management initiatives in the enlisted community are focused on providing equitable career and advancement opportunities for women while maintaining an adequate sea/shore rotation pattern for ratings throughout the Navy. Forty-nine percent of the women in the Navy are in traditional ratings in the administrative and medical fields while only 27 percent are in non-traditional skills such as engineman or hull technician where often greater career opportunties exist. Additional skills in the non-traditional ratings recently have been opened to women in an effort to expand career alternatives and upward mobility. At present women serve in 85 of Navy's 99 enlisted ratings with the remaining 14 ratings closed due to the sea intensive, combat nature of the rating, such as gunner's mate or submarine fire control technician.

Member Married To Member BAQ. Navy's commitment to increased utilization of women plays an important part in our ability to man the 600-ship Navy. This expansion has led, not unexpectedly, to a marked increase in the number of marriages between service members. At present we estimate over 12,000 enlisted women are married to other service members. We are facing a problem unique to Navy which constrains our ability to expand the opportunities for women. Our current policy, which is based on our support of Navy families, precludes the simultaneous involuntary assignment of married service couples in paygrades E-7 or below to sea duty because such assignment can result in the legal denial of their housing allowances. Legislation to modify the law governing quarters allowances as it would affect service member couples is under consideration.

Personal Excellence Program. The Personal Excellence initiative is a continuation of our early 1980s pride and professionalism theme, which stressed the fundamental values of pride in service to the country and professionalism in the many varied and demanding jobs that we do. In view of the great strides we have made in improving our overall personnel readiness posture, Personal Excellence is directed toward maintaining both the quality of people that serve in the Navy and their quality of life.

Personal Excellence places emphasis on top performance--mentally, morally and physically. Faced with a declining demographic trend in the numbers of young men and women, and a host of qualitative deficiencies which preclude many from being eligible to serve, it is a positive strategy which attacks many of the tragic problems affecting our nation's youth. Drug and alcohol abuse, high-school dropouts, teen pregnancy and inability to perform basic reading and mathematical tasks, even among high school graduates, are all unfavorable trends which can reduce our ability to obtain sufficient people. The Navy must have a force that is sufficiently talented to grow with technological change. We are working to set a positive example, one that respects diversity, but establishes and maintains the bedrock standards that will lead to excellence.

While internal programs which encourage and promote excellence are vitally important, the Navy is also encouraging development of external, community-based, cooperative partnerships in education. Where we are able to provide assistance to local communities, particularly in the form of volunteers, we hope to be helpful in replicating the successful models of business-school partnerships which are beginning to help young people graduating from school. The Navy is joining the many organizations in our country that share our concern for the nation's future which is embodied in its youth. We will be an active and cooperative partner where we have the capability to help.

Upgrading total health and physical condition is the keystone to this effort. Our objective is that every member should strive to achieve and maintain the highest standard of health and physical readiness to maximize operational readiness. New, more stringent requirements incorporated in August 1986 require all active duty Navy members to be tested on a semiannual basis for flexibility, strength, cardiovascular fitness and endurance. Although a related program has been in effect for several years, these test results, including body composition measurements, will now have a bearing on promotion, advancement, and reenlistment.

The Armed Forces have always been characterized by a disproportionately large smoking population. In order to reduce these numbers, we are creating a social environment that supports abstinence and discourages the use of tobacco products. The goal is a safe, healthy, and unpolluted work and living environment through the establishment of appropriate environmental protection measures. We are not prohibiting the use of tobacco, but rather are promoting a positive educational and awareness approach to improve our members' health, lifespan, and physical endurance.

Drug and Alcohol Abuse. Our aggressive, tough but fair approach to alcohol and drug abuse is showing results. In 1980, a DOD survey showed that 33 percent of Navy personnel admitted using drugs within the preceding 30 days. In 1985, that percentage had dropped to 10 percent. Rehabilitation for drug dependency is offered only to those eligible petty officers who exhibit exceptional potential and desire to remain in the Navy. Rehabilitation for alcoholism, available to all members who exhibit potential and desire further service, is strongly supported. The goal of the Navy's program is to eliminate the abuse, not the abuser. The acknowledged key to beating abuse of all kinds is prevention and education. The Navy Alcohol and Drug Safety Action Program and the Alcohol and Drug Abuse Management Seminars provide basic information on abuse and dependency as well as the Navy's policy on drug use and alcohol abuse to personnel at all levels.

Human Immunodeficiency Virus (HIV) Policy. In December 1985, the Department of the Navy established its initial policy on managing the Human Immunodeficiency Virus (HIV) infection (then identified as HTLV-III). It reflected the information available to both the military and civilian communities on the HIV infection and Acquired Immune Deficiency Syndrome (AIDS). The policy takes into account the risk to the infected individual due to military service, the risk of transmission of the disease to non-infected personnel, the effect of infected personnel on Naval units, and the safety of the blood supply.

Our objective from the onset was and continues to be to take a humane and individual approach to all aspects of the HIV issue. We emphasize the privacy of the individual and that of his/her family.

Our policy focuses on identification, monitoring, and disposition of naval personnel infected with HIV. All accessions for the naval service are screened for the HIV antibody and those who test positive are not allowed into the Navy. Additionally, a screening program has been established for active duty and reserve personnel. Those personnel who screen positive for the HIV antibody receive a thorough medical evaluation. Those members who show no evidence of illness and whose immune systems are intact are retained on active duty and are monitored on a recurring basis. Selected reservists who screened positive are removed from deployable mobilization billets and transferred to the standby reserve inactive status. On the other hand, members whose evaluations indicate illness and who are not fit for duty are medically separated.

One ongoing effort that is receiving special attention in both the military and civilian communities is education and training on HIV and AIDS. Last fall, the Surgeon General of the United States also stressed this need. We are continuing our efforts to ensure all our personnel receive factual information -- that they know what the disease is, how it is transmitted, and what they can do to protect themselves. It is this education process which will help each naval member to counter the myths and dispel the misconceptions about the disease.

Our efforts support the numerous efforts that are ongoing throughout the country to combat this disease. We recognize that the scientific and medical information continues to grow day by day. Our policies and actions remain flexible to deal with the information as it becomes available.

QUALITY OF LIFE

Compensation Initiatives. The following initiatives are included in the FY-88 Legislative Contingency fund:

Pay Raise. One of the most critical elements of the military quality of life program continues to be our ability to adequately pay our personnel. Pay caps in fiscal years 1983, 84, 85, 86 and 87 have resulted in more than a nine percent disparity between military pay and private sector wage growth as measured by the Employment Cost Index. Although across the board retention is still high, downward trends have appeared in many technically qualified groups - enlisted in skilled ratings, nuclear qualified officers and aviators. To prevent further increase in the gap between military and civilian wage growth we support the DOD request of a four percent across the board pay raise in basic pay, BAQ and BAS in FY-88 and 4.3 percent in FY-89.

Career Sea Pay. We are considering a restructuring of Career Sea Pay to provide better targeting to career (second term) personnel in sea intensive ratings and to improve manning of critical skills on repair ships (tenders). Under current law sailors on combatants in sea intensive ratings must serve three consecutive years on their second sea tour to receive as much monthly sea pay as they did at the end of their first sea tour. Crewmembers on repair ships are compensated for only about two thirds of the time they spend at sea. Passage of Navy's Career Sea Pay legislative proposal will correct these inequities and decrease the hardships of repetitive arduous sea duty tours.

Variable Housing Allowance. Established in 1980, VHA has been very effective in helping Navy personnel afford suitable housing for themselves and their families. Two serious flaws exist in this allowance. The first is the offset provision enacted last year. In addition to any savings it may have created, it has necessitated a cumbersome administrative system with its attendant intrusion into the personal financial matters of our Navy personnel. The offset provision needs to be rescinded and the VHA mechanism allowed to operate as originally designed.

VHA For Certain Members on Sea Duty. Secondly, a quirk in the law prevents certain Navy personnel from receiving VHA when living ashore. These senior enlisted and officer personnel, divorced but providing child support, are considered to be servicemembers with dependents. When assigned to sea duty these unmarried servicemembers with dependents are denied VHA even if they occupy private quarters ashore, because the law technically permits only personnel without dependents to elect to move ashore and receive VHA. Consideration is being given to recommending that this element of the law be amended.

Travel/Transportation Allowances/Reimbursements. The accomplishments of the Congresses since 1980, in the area of reimbursing moving expenses of uniformed servicemembers, have been outstanding. Personnel today are closer to being fully reimbursed for their moving expenses than at any other time. However, there are some instances when servicemembers are required to incur expenses on ordered travel which cannot be fully reimbursed under current law. The FY-87 Defense Authorization Act provided statutory authority for the uniformed services to have a per diem system like that enacted for civilian employees in January 1986. The civilian employees' system was implemented with no requirement that it be less expensive than the system it replaced. Clearly the higher, cost-based per diem rates under the new civilian and proposed uniformed services per diem systems will result in higher cost to the government. Yet, the statutory authority for the uniformed services contains a provision that makes implementation contingent on overall savings. That provision effectively precludes implementation, leaving travelers - civilians and military - in the untenable situation of receiving unequal reimbursement for identical expenses. Your understanding is requested to remove this implementation impediment.

There are certain legislative initiatives in the area of travel and transportation that are being requested. These initiatives will continue the trend toward full reimbursement of necessary expenses. One change not requiring specific legislation but only funding is an increase in the household goods weight allowances for uniformed servicemembers. Civilian government employees have a universal household goods weight allowance of 18,000 pounds. Our most senior flag officers are limited to 13,500 pounds and senior enlisted to 9,500 pounds. A realistic range of household goods weight allowances for uniformed personnel will enable permanent changes of station to be executed by servicemembers without the need to discard belongings to stay within an administrative allowance or pay out-of-pocket for the shipment of their belongings.

CHAMPUS Dental Insurance. CHAMPUS Dental Insurance, scheduled to begin in August 1987, addresses what has been a glaring omission in military family health benefits. This benefit significantly improves our Navy families' quality of life, a most important factor in careerist retention. Our families are eagerly anticipating the start of this extremely important and long-awaited benefit.

Civilian Compensation Issues. The enactment by the 99th Congress of a new, more portable retirement system for civilian employees underscores the need for Federal pay reform to counterbalance the impact of this change on retention of our senior executives and our highly skilled technical employees. We support the President's proposal to improve executive pay, to reform pay comparability systems, and to make special salary rate adjustments more time sensitive.

Family Housing (MILCON). The Navy's housing program continues to be a top priority in FY's 88 and 89. Our goal is to eliminate our projected buildable deficit of 20,000 family housing units over the next eight years utilizing a variety of acquisition methods to include new construction, Section 801 Leasing and Third Party Financing; while simultaneously restoring the liveability of our existing family housing inventory. It is essential that our sailors be able to devote their energies to safeguarding this nation, free from the distraction and worry of finding safe and adequate homes for their families. The FY-88 program will build 1,474 new family housing units and the FY-89 program, 1,656 units [Figure 13]. This is a 51 percent and 70 percent increase, respectively, over the FY-87 program. Our budget will reduce the projected buildable deficit of 20,000 family housing units to 13,904 by FY-92. Bachelor quarters construction [Figure 14] is an important quality of life issue within the Navy. We have a large deficit--about 95,000 spaces, of which 62,000 require new construction and 33,000 need modernization. Over the past few years we averaged about 6,000 spaces annually in our MILCON program. We plan to increase our program in the out-years and significantly reduce this growing deficit.

FIGURE 13

FAMILY HOUSING DATA TABLE

	FY-87	FY-88	FY-89
Units New Construction	976	1,474	1,656

FIGURE 14

BACHELOR QUARTERS DATA TABLE

	FY-87	FY-88	FY-89	FY-88-92
$M	119.6	76.8	99.7	725.0
Spaces	5006	3249	4765	29,982

Family Support Programs. The Family Support Program provides policy guidance for program areas such as: Family Service Centers, Family Advocacy, Overseas Duty Support, Spouse Employment Assistance, Ombudsman Program, and dependents education. Assistance to service members and their families is delivered through a network of 63 operating Family Service Centers (FSCs). The centers provide vital assistance to over 85 percent of our Navy population. Services are provided through three major program elements: (1) information and referral, (2) family excellence programs, and (3) short-term counseling. In the past year, the FSCs served over a million people in areas such as deployment support, financial management and parenting classes. One important new program that I am particularly proud of is the Spouse Employment Assistance Program. Employment specialists, backed by a planned automated data processing network, provide assistance in finding gainful employment for spouses.

Health Professional Program. In 1986, the Navy inaugurated a new program to enhance the management of healthcare delivery to its members: the Healthcare Professional (HP) program. Under HP there is established a dedicated cadre of officers from within the medical department in the ranks of Commander and above who will serve exclusively in executive management positions in healthcare facilities. These officers will free the Navy's corps of physicians from administrative and business-related functions; allowing them to concentrate on their primary function - quality medical care for our sailors and their dependents. HPs will serve as commanding officers, executive officers, resource managers and information system managers. They will belong to their own competitive category and will have a clear path to flag rank competing only against other HPs.

The HP program is off to a good and fast start. The community is completely sized with over 160 officers accepted. These officers are top performers; over 75 percent having advanced degrees. They were hand picked as the best qualified from the medical corps, dental corps, medical service corps, nurse corps and from the unrestricted line. The program is entirely voluntary and enjoys the highest level of Navy leadership support. HPs will enjoy outstanding opportunity for command and every HP selected to command a major health facility will be personally approved by the Secretary of the Navy.

Morale, Welfare and Recreation. We are maintaining our efforts to enhance the quality of life for sailors, their spouses, and their dependent children through new programs and innovations to existing programs. Navy clubs are adopting "Healthy Cuisine"; a program designed to offer alternatives for sailors and their dependents to eat low-calorie, low-fat, low-cholesterol foods that taste good. We are continuing the Designated Driver program to eliminate drinking and driving. Quality entertainment and similar innovative programs are being initiated as alternatives to the drinking environment, especially for our under-21 sailors.

Increased emphasis is being placed on providing recreation opportunities for sailors on ships that are undergoing overhaul in private shipyards in the form of fitness and athletic equipment, transportation and general recreation. We are still emphasizing strong recreation and fitness programs and necessary equipment for all ships in our fleet. The Navy's 104 child development centers (CDCs) are serving over 20,000 children every day, but they cannot keep up with the demand. We have instituted a program, Family Home Care, to place children in qualified homes in Navy housing areas to absorb the overflow of CDCs and to care for children with special needs. Over 65 percent of the CDC caregivers are spouses, so a training program is being developed that will improve employment opportunities and enhance the quality of care. We also have expanded programs to provide more leisure time interests for sailors' children between the ages of 6 and 18 so that they can develop properly, thus providing the sailor peace of mind. We've developed a leisure needs survey that will tell us what sailors and their dependents enjoy doing now, what they would like to do in the near future, and to identify programs available in the local community.

Equal Opportunity. Equal Opportunity is such a fundamental element of good leadership and is vital to maintaining the high state of morale, discipline and readiness the Navy enjoys. Any action which denies equality of opportunity and treatment on the basis of race, creed, color, sex or national origin is not tolerated. The Navy has always been governed by a special set of moral, ethical and behavioral standards. The highest standards of personal and professional excellence are not only the cornerstone of Navy equal opportunity efforts but also reflect Navy's total commitment to achieving all of our equal opportunity objectives. We have made significant progress toward these objectives in recent years but there is room for further progress ahead. Rising manpower costs, a shrinking pool of high school and college graduates to recruit from and the difficulty of retaining our quality personnel in the face of increasing competition from the private sector, make equal opportunity a continuing priority now and in the future.

Voluntary Education. Participation in Navy's Voluntary Education Program, the Navy CAMPUS, reflects growing concern among Navy members about opportunities to continue their education. In FY-86, approximately 146,000 Navy personnel participated in some component of the Voluntary Education Program. This represents a 16 percent increase in program participation over FY-85. Growth was significant, particularly in the Tuition Assistance Program, with enrollments in postsecondary institutions reaching almost 100,000. As more Navy personnel realize that advanced education makes a difference, we will need to dedicate the necessary resources to maintain this program.

Educational Assistance. It is the Navy's position that a basic educational entitlement in return for honorable military service makes good sense for the sailor, the Navy, and the country. The Navy continues to support the New GI Bill enacted in 1984. We are experiencing over 50 percent monthly participation in the New GI Bill among non-prior service personnel. This illustrates a commitment to further education among the young men and women who are enlisting in the service of their country. The New GI Bill, supports our ongoing efforts in recruiting, retention, and maintaining high morale of Navy members.

Permanent Change of Station (PCS) Request. Several DOD and Navy policies were implemented in late FY-86 to reduce the number and costs of operational, rotational, and training (discretionary)

PCS moves. It is difficult to directly assess the impact of these new policies at this early date as we have little actual data to analyze, and the savings accrue over several years. Preliminary estimates project about 10,000 fewer discretionary moves in FY-87, or 117,000 moves. Because ships' homeports are widely dispersed, it is not feasible to have the number and diversity of shore billets in each homeport which would permit most sailors to rotate between sea and shore duty at no cost in the same location. So, our ability to reduce PCS moves is limited by requirements to support equitable sea-shore rotations and established overseas tour lengths. Nevertheless, we are counting on about 43,500 no cost moves and 5,500 voluntary tour extensions to allow an executable FY-87 program. However, the FY-88 and out-year budget requests [Figure 15] for PCS show large decreases in moves and dollars in the discretionary area.

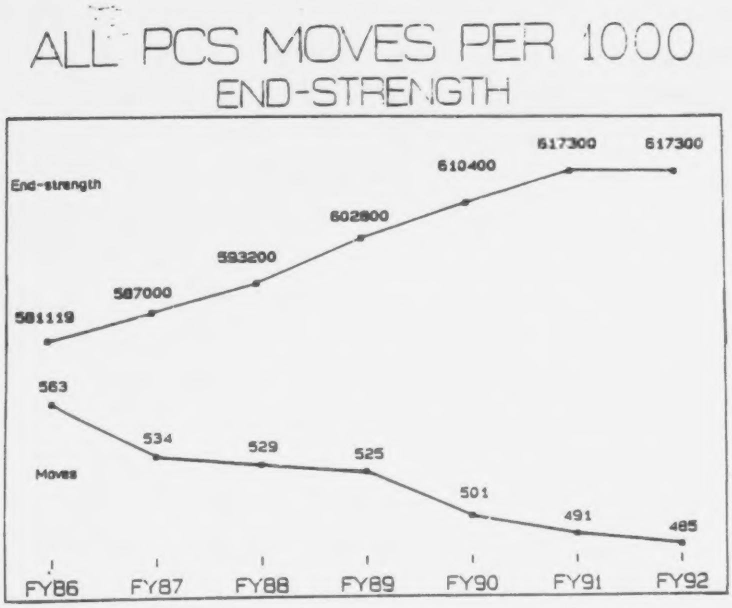
FIGURE 15

PCS PROGRAM

	FY-86	FY-87	FY-88	FY-89
Total Moves	327,009	313,709	313,707	316,698
Mandatory Moves	195,149	196,627	204,840	210,046
Accession	104,044	101,347	104,416	108,656
Separations	85,046	84,766	90,121	91,485
Organized	6,059	10,514	10,303	9,905
Discretionary Moves	131,860	117,082	108,867	106,652
Operational	55,892	43,813	40,271	39,600
Rotational	38,200	37,594	36,772	35,602
Training	37,768	35,675	31,824	31,450

Even by fully implementing all reduction initiatives, the discretionary program reductions will be difficult to achieve beyond the FY-87 level, particularly with required endstrength growth [Figure 16].

FIGURE 16



The goal of minimizing PCS costs must work a careful balance between quality of life, hardships of extended sea and isolated duty, and professional development to build and retain a ready, quality career force. Relating discretionary moves to the number of members in the Navy for a full year results in an average tour length of four years in FY-87, which increases to over four and a half in FY-88, and close to five years in FY-89. This, in turn, means longer family separations when assigned to sea duty, a possible decrease in retention and morale, and a final outcome of decreased fleet readiness. Budget constraints dictate the most cost effective moves, which in many cases are not the best moves for readiness. We need your understanding of the limitations in the Navy's FY-88 PCS outlook, and your support for the funding to execute a balanced PCS program - to recruit, train, assign and retain our best people while correcting personnel imbalances, providing necessary leadership, and ultimately manning a growing 600 ship Navy.

MANAGEMENT INITIATIVES/CONCERNS

Joint Speciality Implementation. Actions to implement the

Goldwater-Nichols Department of Defense Reorganization Act have been conducted in a measured manner which will enhance the Navy's role in joint matters and be consistent with the intent of Congress. We will manage the Joint Specialist (JSPEC) officer in a similar fashion to other Navy subspecialists. We are in the process of identifying the initial pool of quality joint duty officers and the joint billets that comply with the working definition of joint duty. Additional issues currently being evaluated include: impacts on career paths, the role of the Naval War College, the numbers of officers involved and the development of flag officers with joint credentials. The final program will provide quality officers with joint duty experience which will permit the Navy to play a significant role in the joint arena.

Materiel Professional. The Navy's Materiel Professional Program (MP) was initiated in late 1984, with an overall goal to improve management of Navy resources and thereby enhance material maintenance and materiel readiness throughout the Department. It is a self-sustaining career path for a select group of high quality senior naval officers who have been trained and developed in the sound business management of systems acquisition, facilities management, logistics and technology. Approximately 1000 officers, 90 percent in the grades of Captain and above, comprise the community. Each is hand picked from the unrestricted or restricted line and from the supply and civil engineering Corps. These officers bring to the MP community hands-on operational, engineering, materiel management and maintenance experience with skills in program and financial planning, contracting and administration of facilities, contracts, logistics, engineering development, procurement and production. The incentive for officers to enter the program is an enhanced opportunity for promotion through flag rank. Competition to enter the program is keen and the quality of officers selected is outstanding. The typical unrestricted line MP has: a graduate degree (90 percent have masters or doctorates); had command of a ship, squadron and/or shore station; more than four years of hands on acquisition experience; and outstanding performance in materiel-related jobs. All Navy major program managers are MPs. The screening process for nomination and selection as a major program manager is extremely competitive. Only the best and brightest are selected. Since top Navy leadership approves each of these assignments, we are assured of selecting only our top proven performers. The MP program is fully manned and well on its way to assuring smart resource management for the future.

Information Management. Effective management of information as a resource will substantially improve the way that MPT managers perform their jobs. Treating information as a critical resource, in the same manner as the traditional resources of personnel, money and material, is a long overdue recognition. Major efforts are underway to involve field and fleet commanders directly in the management of information resources. A key example has been the establishment of the Military Personnel Data Integration Steering Committee composed of senior managers in Headquarters fleet and field commands. Their task is to provide guidance for definition, standardization, and integration of military personnel data.

In this regard, the Navy is completing the Personnel and Pay Systems Consolidated Computer Center (PERSPAY) program, which was the embryonic stage of melding data (personnel and pay) to create a shared, corporate data base. The Navy is concentrating on improving the data quality for manpower which will result in a Total Force Manpower Management System (TFMMS). TFMMS is being developed to provide a single authoritative source for manpower data as well as an information system that tracks all manpower resources (requirements and authorizations).

Also, the Source Data System (SDS) is a major automated information system slated for worldwide implementation to support active duty and Reserve Navy populations. Implementation of SDS ashore and SDS afloat is being given the highest priority. The

Navy Civilian Personnel Data System (NCPDS), an adaptation of the Air Force's personnel system, has been developed to be the single, standard, automated civilian personnel system supporting personnel offices Navy-wide. The Navy Training Information System (NTIS) strategy is a major effort to standardize training data and consolidate disparate and obsolescent automated systems.

Another way that today's technology will enable us to do business more effectively and efficiently is the development of Integrated Military Personnel Data Base (IMPDB) and the Navy Military Integrated Pay and Personnel Strategy (NAVMIPPS). The IMPDB will produce one logical record for all service members, tie the accession systems and Navy Military Personnel Distribution (NMPDS) and Reserve distribution system to an official data base while NAVMIPPS is being developed to integrate Pay and Personnel systems.

Civilian Personnel Management Initiatives. We continue to support legislation that will allow more widespread application of the alternative personnel management system which has been tested since 1980 at two Navy laboratories. A variety of bills modeled after this experiment were introduced during the 99th Congress. Although only one was successful (authorization for an experiment at the Bureau of Standards), we believe the efforts are testimony to the need for simpler, more flexible approaches to job classification and performance management within the Federal Civil Service.

Brigs. The Navy's new three level brig system for short, medium and long-term prisoners was fully supported by Congress in the FY-87 budget. Waterfront brigs (up to 30 days confinement) will colocate brig and Correctional Custody Unit functions and provide intensive return to duty programs. Consolidated brigs (three total) will incarcerate for up to one year and provide intensive restoration-to-duty programs as well as provide viable training for those being separated with a view to equipping them to be useful citizens.

All those with sentences over one year will be transferred to the Federal Bureau of Prisons as per a Memorandum of Understanding between the two departments. This reorganization will reduce staff requirements by 30 percent ($12M savings) and by 1991 will restore up to 1500 sailors to honorable service annually ($14M savings). Two consolidated and three waterfront brigs have been authorized for construction in FY-87. One consolidated and one waterfront brig are requested in FY-88 and three waterfront brigs are requested in FY-89.

Flag Officer Management. Although the Defense Officer Personnel Management Act established key management elements for flag officers, comprehensive flag officer management guidelines do not exist. We again solicit congressional support for the DoD legislative proposal to establish a new framework for the management of flag and general officers. The comprehensive flag officer proposal submitted to this and the previous three sessions of Congress will provide Navy the necessary flexibility in meeting the critical demands of an expanding and more technical naval force without the annual requirement of petitioning Congress for three star grade relief. It provides the structure and accountability required for effective congressional oversight, and gives the Navy flexibility necessary to optimize senior military management resources. The legislation is the foundation of an effective long-term flag officer management system. It establishes stability, predictability, and the versatility to respond to changing endstrengths. The increased flexibility in the system will enhance Navy's ability to meet its joint arena and external DOD requirements without detracting from the operating forces.

Research and Development. Finding more acceptable ways to accommodate inadequate endstrength than by taking shortfalls in fleet support and shore activities is essential. Our strongest potential for success lies with a dedicated research and development program for advancing and improving manpower, personnel, and training system technology. Cognitive Science and Artificial Intelligence are powerful new technologies having the potential to revolutionize the assignment and distribution of personnel, and the development and delivery of instruction. Manpower and personnel applications are expected to provide improved force projection techniques for not only individual skill levels, but the distributable sea and shore population as well. The training focus is on dynamic systems, taking advantage of interactive, simulation-based, and pictorially intensive instruction. The overall objective is flexible, rule-based automated support systems for forecasting and tracking personnel budget elements; predicting personnel performance; screening, distributing, and assigning personnel; developing and delivering instruction.

Continued congressional support for our small but vital manpower, personnel and training R&D program will give us the sorely needed capability to make timely adjustments to assignments satisfying personnel policies while reducing such cost drivers as permanent changes of station and skill training requirements.

Effect of New Military Retirement System on Career Force. The 99th Congress modified what had been the Navy's most stable and successful long-term retention incentive and force management tool - the military retirement system. The change, enacted to reduce retirement system costs, translated into an average 17 percent cut in the value of retired pay for persons who enter the services after 31 July 1986, and came on top of the 11 percent reduction imposed in 1980.

While it is still too soon to measure the exact retention effect of these retirement cuts, our computer models indicate we will retain about 13,500 fewer mid-grade personnel in our Navy's future career force. Failure to retain these experienced careerists means increased accession and training costs and inevitably, degraded readiness. We are studying several long range alternatives which will enable us to avoid personnel management disruptions and careerist shortfalls, and will propose prudent initiatives as needed to improve the attractiveness of a naval career.

Expiring Authorities. This is one area that we must seek your help. Nearly all enlisted and officer bonuses and special pays, and temporary manpower management authorities expire 30 September 1987. If, as in previous years, an authorization bill is not enacted by 30 September, all of these programs terminate.

Optimally, permanent authority is desired, however, Congress has been extremely reluctant to abrogate reviews for continuance of these various authorities. Therefore, a permanent provision which would continue all expiring authorities beyond 30 September of the expiration year until enactment of the following year's authorization bill would prevent disruption of these programs while maintaining congressional oversight to discontinue authority in the new authorization bill. This issue alone entices us to support a biennial budget.

TRAINING OVERVIEW

Trends in Total Force Training Readiness. The most important mission of our Navy in peacetime is training. Our Navy training and education programs are designed to support requirements across a broad range of functional and mission related areas. Ultimately, all of the training that the Navy performs is in preparation to conduct prompt and sustained combat operations at sea in support of our national maritime strategy.

The trend in Navy training is very positive. The training status indicators, which we monitor, reflect an increased ability to perform our mission, whether we are measuring individual technical skill competency or battle force warfighting proficiency. The fleet commanders have been pushing hard to maximize training opportunities in port and underway, and these efforts have paid dividends in improved training readiness and are important in the balance of training conducted on board ship versus that accomplished in the classroom.

Major Training Issues

Advancing Technology. Supporting the training requirements of a 600-Ship Navy is a significant challenge. Advancements in technology and the increasing complexity of our weapons systems and platforms generate demanding training requirements. Advanced systems require more highly trained people with increased technical competence. To meet this challenge, our research and development effort within the training and education area takes on special significance. Through the development of advanced instructional techniques and systems we are exploring aggressively every opportunity to train our sailors more efficiently and effectively.

Training Realism. While ships make maximum use of installed equipment for training, their embedded training capability is limited. Trainers and training devices ashore are too often obsolete and detract from the training effort. The Battle Force In-port Training (BFIT) concept is an example of an innovative attempt at maximizing the value of costly at sea time by conducting realistic battle group training in-port, but it is hardware limited at present and enhancement requirements are costly. Shortfalls in training ordnance and targets representative of the threat detract from the realism we seek in fleet training exercises. The limitations of our instrumented ranges which are needed to meet complex multi-platform/multi-target training requirements are also of concern.

Physical Plant. The "physical plant" of the training community consists of a large percentage of World War II structures that long ago reached obsolescence. We have been forced to place optimum maintenance, upgrade and replacement of the physical plant on the back burner because of demanding priorities afloat. Base operating support, military construction and maintenance of our shore training structures have had to take a back seat to more pressing requirements. The time has come when plant degradation might affect training readiness. Increased resource support is required to arrest further decline.

Assessment of Total Force Training. Our fleet commanders state unequivocally the product of naval education and training is excellent. On the waterfront side of Navy training, we have witnessed considerable innovation and ingenuity in planning and scheduling training events both in-port and underway. As an example, ships firefighting teams which previously conducted "dry run" drills onboard are now rapidly transported to fire fighting school to combat actual fires as we would expect them to do under combat or emergency conditions.

From a total force perspective, our combat capability has been enhanced through increased attention to training our Naval Reserve. In the Naval Surface Force area we have launched a major initiative to upgrade not only the hardware we provide but the people we train to operate the equipment. Training initiatives include incorporation of Reserve training requirements into Navy Training Plans (NTP) to ensure the individual reservist is fully trained upon mobilization.

Our overall assessment is that we have attained an increased readiness posture through more focused attention on training. To maintain the gains realized will require continued attention and resource support proportionate to the growing, sophisticated fleet.

SUMMARY

The manpower, personnel and training budget request contains the minimum essential growth and expansion requirements necessary to support our soon to be delivered 600-ship Navy. It reflects our concern for deficit reductions, while facing the fiscal realities of meeting our national commitments and our maritime strategy.

Our requested endstrength growth is simply a continuation of the growth profile outlined to the Congress in 1983. We have been able through management actions to reduce the growth profile from the 1983 projection. Vital factors in maintaining quality endstrength levels, of course, are meeting required retention and recruiting goals. We have been generally successful in both areas. Where we see problems brewing such as critical enlisted skills, nuclear trained officers, pilots and reserve ship manning, we have requested cost-effective special pays to close the competitive compensation gaps.

The Navy is healthier, more physically and psychologically fit for combat than at any time in recent history. We have widened the family support structure and have come to grips with many of the social issues facing our whole society today.

We are developing professional officer specialists in the joint speciality, materiel management, and health care management. We are continually improving our management of information and developing new ways to more effectively manage our most valuable resource - people.

In short, the nation has the finest Navy of men and women in the world. Together we must ensure our full support in their tasks while they serve our country in either peace or conflict.

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PREPARED STATEMENT OF LT. GEN. THOMAS J. HICKEY,
Deputy Chief of Staff, Personnel, USAF

Introduction

Mr. Chairman and members of the committee, I am pleased to appear before you today to present our most critical Air Force Manpower and Personnel issues for this coming year. Your past support is deeply appreciated and will help maintain the momentum to strengthen Air Force readiness. It is your outstanding support that has allowed us to build and maintain the most credible Air Force ever in the history of this country and--I have no doubt--in the world.

Our Air Force is a very technical military organization that requires highly qualified, well-trained and experienced professionals to accomplish all mission areas and programs. People are the key to our combat capability and readiness and must remain our number one priority.

The quality of people we have entering and staying in the Air Force today has never been better. We have more high school and college graduates, higher entry test scores, and lower adverse action rates than ever in our history.

Our "qualitative edge" is a direct result of the outstanding contributions of the total Air Force: military, civilian, Air National Guard, Air Force Reserve and Air Force retirees. Total force is more than a concept; it is a proven path to the most effective and economical way of meeting our defense obligations. The Guard and Reserve make essential contributions to our tactical, strategic, and airlift forces. In addition, our civilian workforce offers both stability and continuity to our Active and Reserve forces, and is vital to our ability to accomplish our mission on a day-to-day basis. Add to that a quarter million Air Force retirees available for recall at a moment's notice, and our commitment to "total force" becomes clear.

We will strive in every way possible for continued progress to assure we attract and retain a quality force. But on the cutting edge must be competitive compensation and strong institutional benefits. For example, in the coming year we must step up our efforts to provide adequate pay; acceptable PCS reimbursements, morale, welfare, and recreation (MWR) funding; and repeal of the variable housing allowance offset for our Air Force families. We are particularly concerned about MWR funding. As public law 99-500 is currently written approximately 400 appropriated fund management personnel will be eliminated, impairing our ability to generate the necessary nonappropriated funds to successfully accomodate the appropriated fund reduction. The result will be decreased MWR activities for our personnel. We believe many of these programs are vital to our people because they relate directly to the well being and fitness of our force. They are clearly benefits for both the Air Force and the individual. It is important to actively pursue a solid foundation for these programs to help dispel the perception that military benefits are being eroded. However, benefits are not the sole reason our people serve.

Our military members and their civilian colleagues serve because they are loyal and patriotic Americans--willing to sacrifice their personal freedom for their nation. Despite this commitment, Air Force people are concerned about their future. No real growth in defense spending combined with mandated officer end strength reductions lead to potentially degraded mission capability and readiness. In the coming year, we see a very real potential for crisis. This crisis will evolve from the clear need for people to run mandated missions outside our basic charter, without adding manpower authorizations to procure and train the people we need. The result will be a growing force of technologically sophisticated systems without enough quality men and women to operate them.

For example, we are expanding missions in highly technical, complex areas such as space, medicine, and science, demanding advanced degrees. Also, deployed nuclear weapon systems such as GLCM require responsible leadership at the grassroots level. Yet this year Congress has directed a cut in our officer end strength. To implement the FY 1987 reduction, the Services will require, at a minimum, resource adjustments to provide for conversions to enlisted and civilian personnel. This will allow flexibility in manpower resource management that will allow these essential missions and workloads to continue.

We fully appreciate the federal budget deficit and will continue to ensure that America gets the most value for its defense dollars. With this in mind, we have taken definitive steps to promote cost effectiveness. For example, we have used military-to-civilian conversions, programmatic changes and the contracting out of non-military essential positions to identify manpower spaces needed to offset required growth. Congress' austerity message is clear and we are working hard to hold future growth to a minimum. However, we must avoid nonprogrammatic manpower cuts. Manpower is a resource that, like dollars, is tied to successful execution of programs. As programs change to meet missions requirements, the associated manpower to support that program must also be adjusted.

Overall, our outlook is a positive one. The reforms of recent years have been extensive and we are working hard to institutionalize them. At the same time, I pledge our every effort to work with you, the Congress, to assure that we together properly structure and examine options to wisely implement the changes, with prudent consideration of the financial, organizational and operational impact. This is important to preclude any further "quick fixes" that are counterproductive in the long run. As we look to FY 1987 and beyond, we once again seek your continued support for the kinds of programs and initiatives to assure our ability to recruit, train and retain the high quality people so absolutely critical to the maintenance of the combat capable, war deterring force our nation needs and deserves.

II. STRUCTURING THE FORCE

DOD Reorganization Act of 1986: The Air Force is currently planning the implementation of the law which is clearly the most dynamic change to officer career management in a decade. We fully support the need for officers better educated and experienced in joint matters and are developing procedures that will ensure the development of all officers with emphasis on joint experience, command opportunity, staff experience, and technical skills.

To this end, we are working closely with the other Services, the Joint Staff, and the Office of the Secretary of Defense on key provisions of the law. Some of these include developing the list of joint duty assignments and critical billets; finding ways to increase the number of officers with joint professional military education; and establishing prerequisites for the nomination and selection of joint specialists.

Our ongoing, detailed analyses of each provision will ensure the development of sound policies, programs, and procedures for smooth implementation. Fortunately, the Act also allows the Department of Defense (DOD) the flexibility to grant some waivers to the more stringent provisions--allowing us to implement the Act in a fair and equitable manner during the transition period. If, at any time, our analysis identifies any provisions where compliance with the spirit and intent of the law would degrade our deterrent capability, we will prepare and forward a specific list of recommended corrective changes accordingly.

Military Manpower Adjustments: The difficult fiscal decisions we have had to make have had a direct impact on our military manpower requirement. For example, the decision to pause tactical fighter wing growth at 37 wing equivalents rather than the 40 which we had previously projected drove a reduction of nearly 3,000 spaces in FY 1988. Reductions in airlift force and training, along with cost-motivated contracting initiatives accounted for the balance of the reduction. Within this reduced level, however, we were still able to man new Special Operations Forces weapon systems and continue vital modernization efforts such as the B-1B and F-16, as well as, complete the beddown of GLCM forces in Europe. The programmed end strengths are 598,700 military positions for FY 1988 and 600,600 for FY 1989.

Civilian Manpower: The Air Force budget seeks an increase in civilian end strength of 1300 in FY 1988 and 1500 in FY 1989.

In FY 1988 this increase stems primarily from the transfer of 1200 civilians from the Army for the new Joint Military Medical Command in San Antonio, Texas. Other significant changes in both FY 1988 and FY 1989 are an increase of 500 civilians for the Strategic Defense Initiative and an additional 1019 Air Reserve Force Technicians to support Air Reserve Force modernization. Our total programmed civilian end strength for FY 1988 and FY 1989 is 265,100 and 266,000 respectively.

The FY 1987 Omnibus Continuing Resolution cut the active operation and maintenance account for civilian personnel by $80 million, based on savings to be achieved through management initiatives. Even though Congress continued to waive a civilian end strength ceiling for FY 1987, a workyear cap for overseas civilians at the FY 1986 level will negatively impact Air Force operations in Europe and the Pacific. For example, the anticipated shortfall of about 500 civilian workyears will cause undermanning and thus jeopardize the required support for continued overseas force structure growth such as GLCM.

Contracting: Civilian contracting, consistent with national defense requirements, is a viable and efficient means of accomplishing the Air Force workload. Since FY 1979 the Air Force has reviewed almost 700 activities for conversion to contract, nearly 9800 manpower spaces have been freed as a result of conversions to contract or streamlining in-house operations. The Air Force has over 12,000 spaces currently under consideration for contracting in almost 450 activities. However, legislation prohibiting the contracting of certain activities, such as firefighters and security, is counter to our efforts. The Air Force supports a contracting program that gives the Secretary of Defense the authority to contract without unnecessary restrictions.

Productivity Initiatives: The Air Force fully supports the President's goal of increasing federal productivity by 20 percent by 1992. Through functional reviews, virtually every Air Force activity will be analyzed to increase operating efficiency without decreasing effectiveness. Since 1980, 100 major areas have been reviewed, and almost 1800 manpower positions have been reprogrammed into critical areas. During FY 1988 we expect to start 126 functional reviews covering 80,000 positions. We are placing primary emphasis on enhancing operations through streamlined procedures and state-of-the-art equipment. These efforts are complemented by an aggressive Productivity Enhancing Capital Investment Program, which has realized an average return on investment of 13-to-1 in terms of dollar savings and cost avoidance. To reduce our manpower growth, savings from Functional Reviews and the Productivity Enhancing Capital Investment Program are realigned to higher priority requirements. Two longer range Air Force programs also aimed at increasing mission capability while reducing manpower costs are Rivet Workforce and Reliability and Maintainability 2000.

European Troop Strength (ETS) Ceilings: The military troop strength ceiling intended to encourage increased allied sharing of the total NATO defense burden is fixed for all Services at 326,414. Within this ceiling, individual Service ceilings are determined by USCINCEUR. The FY 1988 Air Force end strength increase in Europe is the result of USCINCEUR priorities such as GLCM manning. The European Troop Strength Ceiling continues to be the single most important management obstacle to performance of the Air Force mission in Europe.

Such efforts to manage troop strength are complicated by conflicting guidance from the Senate Appropriations Committee on civilianization in Europe. In November 1985, the Committee praised the Army's successful efforts at civilianization in Europe and criticized the Air Force's lack of effort in this area. In September 1986, the Committee cited excessive DoD civilian growth in Europe. The FY 1987 Omnibus Continuing Resolution followed suit by imposing an overseas civilian workyear cap which further hampers our ability to accommodate vital growth.

While Congressional--indeed, national emphasis in Europe has been on avoiding the need of early employment of nuclear forces, the effect of the ceiling has the real potential of lowering the nuclear threshold by forcing reductions in conventional forces (e.g., OV-10s, RF-4s) to allow increases in tactical nuclear capabilities (e.g., GLCM). Focusing on methods to influence allied contributions clouds the real issue that our force level growth is tied to countering a growing Soviet and Warsaw Pact conventional capability.

Reserve Forces: The personnel and force structure required for our national security are provided by a Total Force of active, civilian, and reserve components. Since this policy was articulated in 1973, the Guard and Reserve personnel have grown steadily as they upgraded capability, increased missions, and assumed greater mobilization/readiness requirements. Guard and Reserve personnel now approximate 25% of Total Air Force Personnel, and represent highly trained and experienced mobilization assets.

For FY 1988 Air National Guard is programmed for a military end strength of 116,700 which includes a growth of 2996 drilling Guard members, 275 Active Guard/Reserve (AGR), and 31 military technicians for needed full-time support. Growth supports accelerated force structure modernization through conversions, increased readiness, and solid sustainability.

The Air Force Reserve Selected Reserve strength of 83,300 represents growth in drill strength of 3,423, 4 statutory tour officers, and 767 technicians to support enhanced modernization and readiness initiatives.

Our national strategy relies on the Guard and Reserve as initial and primary augmentation forces to meet worldwide contingencies. The requested numbers of Guard and Reserve personnel are critical factors in achieving and maintaining force readiness. Also, our ability to recruit and retain to requirements,both in numbers and quality, is contingent upon continued support of recruiting and retention resources and incentives such as the G.I. Bill and similar entitlements for reserve component members.

Rigorous, realistic, mission-oriented training is also essential. Guard and Reserve units and personnel must receive the best training available, including overseas training appropriate to their mobilization mission, and which permit meaningful contributions to day-to-day Air Force missions as well.

The passage of the Defense Officer Personnel Management Act (DOPMA) in 1981 for active component personnel is being followed by a companion Reserve Officer Personnel Management Act (ROPMA) which was introduced but not acted upon by the 99th Congress. We urge enactment of the proposed ROPMA as a high priority.

Mandatory screening of the Individual Ready Reserve (IRR), initiated by the Assistant Secretary of Defense (Reserve Affairs), will require the Air Force to conduct a muster of IRR members for one day of active duty in FY 1987 to gather information about them and their viability as mobilization assets. We recommend that Congress provide full funding for any future mandatory screenings.

The Air Force is proud of the contributions of all members of the Total Force team, and continually reviews policies, resources, and plans which impact on the mix. The Air Force considers itself the leader in refining the Total Force structure to ensure cost-effectiveness, maximum capability and flexibility to meet mobilization and contingency requirements. The FY 1988 structure reflects this effort.

Recruiting: The Air Force is proud of achieving Non-Prior Service (NPS) and Prior Service (PS) objectives for FY 1986. The Air Force continues to measure NPS accession quality using a combination of High School Diploma Graduate (HSDG) rates, upper AFQT category (CAT I&II) and lowest (acceptable) AFQT category (MCAT IV) scores from the ASVAB. In FY 1986, 98.9 percent of our NPS accessions were HSDGs and 45.8 percent were in the top two AFQT categories. Conversely, only 0.3 percent were CAT IVs. While these indicators compare favorably with recent fiscal years, recruiting was somewhat difficult throughout the year. The combined impacts of a recovering economy, declining unemployment, civilian competition (both industry and post-secondary schools) and budget cuts made recruiting tougher. These conditions will continue to plague recruiting into FY 1988, when the Air Force needs to recruit 61,000 enlisted members and over 3,000 officer candidates and health professionals. Of the enlisted accessions, 1,000 must be fully qualified prior service applicants who possess critical skills. In addition, over 40 percent of the officer requirements are in the critical and highly competitive health professions area.

We may experience a slight redistribution of enlistees within our standard quality indicators as we respond to external environmental factors. We are optimistic about our ability to meet the FY 1988 requirement providing adequate compensation is maintained to attract and retain our members, and recruiting resources are sustained at adequate levels. Should the environment deteriorate at an unanticipated rate, success will be jeopardized.

Enlisted Recruiting: The backbone of our recruiting success has been and will continue to be the all-volunteer recruiting force. The record of Air Force recruiters speaks for itself, particularly in the areas of cost-effectiveness and productivity. Our cost per recruit is the lowest in DOD while recruiter productivity is far greater than the DOD average.

Enlisted Recruiting Objectives

Program	FY 1986 (Actual)	FY 1987	FY 1988	FY 1989
Non Prior Service	64,400	60,000	60,000	62,000
Prior Service	2,110	1,000	1,000	3,500
	66,510	61,000	61,000	65,500

Figure 1

Officer Recruiting: The officer recruiting program supports line officer requirements for flight training (pilot and navigator), scientific, engineering, and a range of other skills necessary to sustain Air Force capabilities. The broad spectrum of Health Professionals, including physicians, nurses, etc., is also recruited under the officer recruiting program.

In FY 1986, we achieved 100 percent of our numeric goals for all programs. We did, however, fall short in the recruitment of highly specialized physicians. The quality of our line officer accessions remained high.

The major challenge in our FY 1988 officer recruiting program will be continuing requirements for physician specialists. Our physician requirement will increase and remain limited to specific critically required skills. Physician shortages affect our ability to treat combat casualties, as well as the overall health and well-being of our members and their families. Referring those who need specialized treatment to CHAMPUS causes increased cost. Officer recruiting in FY 1988 will be difficult and challenging.

Officer Production

Program	FY 1986 (Actual)	FY 1987	FY 1988
Officer Training School	2,625	1,700	1,700
Health Professionals	1,774	1,492	1,551

Figure 2

Civilian Recruiting: A new intern recruiting program was initiated in 1985 to recruit recent college graduates for entry-level GS-5 and GS-7 trainee positions in a variety of occupational fields. The program, PALACE ACQUIRE, is based on work force analyses of turnover rates, mission, and technological changes. The contracting career field, for example, already has a turnover rate that is 13 percent above other career fields, and the Air Force projects a 20 percent loss of contracting professionals due to retirements alone in the next five years. PALACE ACQUIRE will help to maintain civilian work force stability and expertise in major functional areas by providing a pipeline of experienced, highly-skilled civilian employees. This valuable civilian recruiting tool has been continued and expanded in the FY 1988-1992 Five Year Defense Program.

Training: Training is both a powerful recruiting incentive and an essential military function. Training in the Air Force, including military construction and base support, costs more than $1.6 billion--almost 80 percent of that is salaries for military and civilian personnel. The Air Force gets a good return for its training dollar. We have reduced the average initial skill course length from 16.8 weeks in 1970 to 11.5 weeks in 1986, even though there have been quantum leaps in the technology being taught.

Training has always been, and always will be the epoxy binding our highly qualified eager accessions and motivated careerists to emerging technologies and maximum combat readiness. We are actively seeking ways to continue providing high quality training without increased costs through automated, technology-based instructional activities. We are investigating the use of interactive video disks, computer-managed instruction and the use of computers currently in the work area for instructional delivery with the hope of improving training and lowering costs. The Air Force has an initiative in FY 1988 to establish a Computer-Based Instruction System Support Activity which will provide a nucleus of software expertise to work with subject matter experts in developing courses.

Manpower, Personnel, Training (MPT): As a follow-up to last year's policy statement, we have recently "cut the ribbon" on a new MPT model organization at the Aeronautical System Division, Wright-Patterson AFB, Ohio. Fourteen of thirty-six authorized positions have now been filled with the remainder to be filled by the end of the fiscal year. We will have experts not only in Manpower, Personnel, and Training, but also in the behavioral sciences, human factors, maintenance, and data base management. Their charter is to improve front-end MPT analysis and bring critical MPT factors into weapon system design considerations. The result will be a better man-machine interface that should provide lower costs throughout a system's life cycle. If this test program is successful, we want to establish similar MPT functions at Air Force Systems Command's other product divisions.

Also, we are undertaking a joint initiative with OSD (FM&P) and our service counterparts as we participate in a newly formed

Manpower, Personnel, Training, and Safety working-level group. This group's overall objective will be to develop a general approach to MPTs planning and reporting that can be applied to all systems subject to JRMB review.

We expect increasing interest in "people" requirements associated with weapon systems acquisition. Our ultimate objective is to standardize tools to quantify MPT impacts on emerging weapon systems and to allow informed management decisions on system trade-off, when necessary.

Retention: In 1979, a convergence of economic factors, successive military pay caps, and expanded private sector job opportunities drove many of our talented and experienced military people into the private sector. Fortunately, with the much improved retention climate of the early 80s, retention reached an all-time high in 1983. The lesson learned is that retention can turn quickly and dramatically in just a few years. Despite excellent retention today, shortages still exist, particularly in our high-tech and sortie-generating skills. Competition is strong for our well-trained people, and is expected to remain keen throughout the century. Low retention results in increased training and replacement costs. This is particularly important in our pilot force, since it now costs on average more than one million dollars to train a combat-ready pilot. Because of the long-term implications, we must emphasize retention as a priority issue when evaluating new policies and programs.

Officer Retention: Navigator, nonrated operations, and mission support officer retention rates remain healthy, although down from peak levels of three to four years ago. Pilot retention, however, continues to decline. The pilot 6-11 year cumulative continuation rate(CCR) declined from a high of 78% in FY 1983 to 56% in FY 1986. Actual losses are increasing and the FY 1987 pilot CCR is expected to be near 50%. Airline pilot hiring continues to be the major external factor influencing Air Force pilot retention.

Unprecedented commercial airline expansion is creating a sustained demand for experienced pilots. US carriers hired an average of approximately 6,500 pilots a year for the last three years. These rates are significantly higher than the average of 1,935 from 1976 to 1983. A declining pool of qualified airline pilot applicants nationwide caused many carriers to relax age, vision, education and experience requirements. Many carriers are hiring retired military pilots, a previously untapped source of experienced aviators. Due to continued expansion and increases in airline pilot retirements, industry analysts expect pilot hiring to remain well above historical norms into the mid 1990s.

Because of the high demand for commercial pilots, well-trained, experienced and disciplined Air Force pilots have a lucrative flying career alternative. Turbulence within the airline industry since deregulation--strikes, furloughs, failures and mergers--has kept the Air Force competitive, with career security a primary factor. However, as the airline industry stabilizes, and perception of the security of an Air Force career is reduced by budget-mandated cutbacks, pilot retention could become a major problem.

The effects of reduced pilot retention may be masked during the next few years by a reduction in pilot requirements. Although we are reducing our pilot requirements over the FYDP, projected pilot losses of 2,150 for FY 1987 exceed our Undergraduate Pilot Training (UPT) programmed production of 1,775 by 375. Further declines in UPT production throughout the FYDP and an increase in retirement eligibles, as large numbers of "Vietnam era" pilots pass the 20-year point, will further reduce pilot inventory. Lower retention rates will compound the problem, resulting in a shortage of pilots and reduced experience levels which will directly impact our combat capability.

Enlisted Retention: Our enlisted force continues to experience excellent retention. Reenlistment rates for the first-term, second-term and career categories remain very high by historical measure. Due to large accessions during the late 70s and excellent retention during the 80s, we now benefit from a large, experienced second-term population. We know, however, that these individuals reenlisted during poor economic times. As this group again passes through the career decision window, it is our job to ensure that a favorble retention climate continues if we are to maintain the momentum. Career airmen reenlistments remain favorable, providing an effective leadership base for our NCO force. We do know that there will be a growth in the retirement eligible population through 1991 and increased retirement activity is expected.

Even with favorable retention, a targeted effort has been needed to keep technicians in some of our high-tech and sortie generating skills. The most effective tool in retaining these hard-to-keep professionals has been the Selective Reenlistment Bonus (SRB). The importance of the SRB becomes increasingly evident when considering the expanding job opportunities developing in civilian industry. Rapid airline expansion and maintenance personnel retirements have created job alternatives for flightline specialists. Employment opportunities in the electronics and communications fields are increasing much faster than the average. The reenlistment bonus is the key incentive that keeps the Air Force competitive in its war-fighting specialties.

For the next several years, the Air Force will be influenced by socio-economic trends, demographics, technology, and continued constraints on both people and money. The many factors, both internal and external, that influence retention of Air Force people must be recognized and addressed. Issues such as stable and predictable pay and benefits package, reimbursement to offset the high cost of PCS moves, and dental care for dependents remain key retention concerns. The Air Force will be challenged to retain top-notch people with the increasing demand from industry for experience and talent. Forward thinking and flexible management are needed. We must maintain a positive balance on the value of an Air Force career.

Civilian Retention: Though we have been able to attract young, professional talent to the Air Force, we are concerned about retention. Recent analyses indicate that by 1990, 25 percent of our civilian scientific, professional and management population will have retired or be eligible to do so. This, in conjunction with other projected work force changes, could mean losing 31 percent of our engineers, 42 percent of our scientists, 29 percent of our logisticians and 24 percent from the financial management field. The Air Force supports the administration's proposal, "The Civil Service Simplification Act." We are convinced that personnel system improvements undertaken in a controlled, measured, and budget-neutral manner throughout the federal government are necessary to assure future workforce stability.

Women in the Air Force: The Air Force has long been a leader in providing opportunities for women to serve their country, and we are proud of the fact the Air Force has the highest percentage of women in any of the Armed Services (12.1 percent as of September 30, 1986). Women may serve in all officer career fields, and all but four enlisted specialties (combat control, tactical air command and control, aerial gunner, and pararescue/recovery). There are, however, some specific jobs within otherwise open specialties or career fields which are closed to women due to the Air Force interpretation of the combat exclusion policy. On December 12, 1986 the Secretary of the Air Force announced the opening of the RC-135 and two EC-130 missions to women ("Comfy Levi" and "Volant Solo"). As a result of this decision, only about 18,000 (16.5%) of the officer positions, and about 3,000 (less than 1%) of the enlisted positions are closed to women. Overall, women may now be assigned to 97% of the positions in the Air Force.

The House Armed Services Committee would like the Air Force to access more women, apparently believing that qualified men would then be "freed" to serve in other Services, especially the Army. This recommendation was predicated upon the Air Force's small number of jobs which are restricted by the combat exclusion policy (compared to the other Services), and the impact of the declining youth cohort on recruiting by all the Services. The HASC, in their 1985 committee report, recommended 19%, 22%, and 25% of the Air Force's 1986, 1987, and 1988 non-prior service enlisted accessions, respectively, be women. In the 1985 DOD Authorization Act, we were directed to enlist 19% women in 1987 and 22% in 1988. As a result, the Assistant Vice

Chief of Staff directed a study to analyze the effects of varying male and female force levels.

This study was completed and forwarded to Congress in April 1985. It refuted the grave predictions of problems the declining youth cohort would have on the Services' abilities to recruit high quality enlistees. The report also documented, based on surveys of Air Force recruits, that enlistment in another service as an alternative to the Air Force, was an option for only about 10% of those surveyed. Concurrent with the release of the report, the Secretary of the Air Force approved a new combat exclusion policy which more clearly stated the type of positions to which women may not be assigned. The significant change to policy is that women may not be assigned to positions where there is a high probability of hostile fire and capture. This change opened an additional 800 positions to women. In addition, during the course of this study, CINCSAC opened Minuteman combat crew positions to women (but not with mixed gender crews). The study also concluded the Air Force should not recruit men and women in fixed percentages, but should modify our accession methodology to allow the man/woman mix to fluctuate with changes in the eligible/qualified/interested marketplace. This change was effected in January 1986 and accessions of women for FY 1986 were 18.7% of the total. The National Defense Authorization Act for FY 1987 removed the 19% mandatory female accessions objectives but left standing the 22% objective for FY 1988 pending our performance using the new methodology. Based on our FY1986 results, we urge the Congress to remove the 22% objective for FY1988.

III. COMPENSATION ISSUES

PCS Management and Reimbursement: The lack of adequate permanent change of station (PCS) reimbursements is one of the most critical personnel issues facing the Air Force today. For every $3 our people spend on a PCS move, only $1 is reimbursed by the government. The impact of this "negative compensation" compounds the effect of the back-to-back three to four percent pay caps for the past five years. To illustrate the magnitude of the problem, a 1985 Air Force survey showed that, depending on grade, the median unreimbursed (out-of-pocket) costs ranged from about $1,500 for mid-grade enlisteds (E4-E6) to over $2,700 for senior officers (04-06). Consequently, nearly 60 percent of our Air Force people have to borrow, including withdrawal from savings, in order to meet their PCS expenses.

A recently released 1985 DOD Survey of Officers, Enlisted Personnel and Military Spouses showed that the most frequently cited problems in PCS moves were costs of setting up a new residence, and temporary lodging expenses. The entitlements approved in FY 1986 have helped alleviate some of the financial hardships incurred by military members; however, the FY 1987 Continuing Resolution denied payment of the temporary lodging expense entitlement, funded in FY 1986, except for E-1 through E-4 with dependents. This Congressional action further penalized our members who had been denied the increased dislocation allowance entitlement (i.e., two month's Basic Allowance for Quarters) by the FY 1986 Continuing Resolution.

It is essential that we pursue in FY 1988 a restoral of the temporary lodging expense allowance for members above the grade of E-4 with dependents and for all single members.

Military Pay: Since FY 1982 when the Services received a 14.3 percent pay increase, military pay raises have fallen 9.4 percent below those afforded private sector employees. The last five military pay increases have been capped and the 3 percent raise effective January 1, 1987 compares to a 4.2 percent increase in private sector wage growth. While current retention and quality levels are high, this significant pay raise differential is not going unnoticed by our members. Should this trend continue unabated, retention and recruiting problems are likely to emerge. If this occurred, we would lose a large measure of the experience base we have restored at great cost since the serious retention problems of the late 1970's.

CHAMPUS Reform Initiative: The Air Force eagerly supports the initiative to contain CHAMPUS costs by providing alternative health care delivery systems for dependents. In this regard, we believe that any new program must preserve beneficiary choice and improve accessibility to care while maintaining the integrity of the current system to ensure wartime readiness. We recognize the ambitious undertaking of this complex initiative and fully concur with the concerns of Congress for a regional demonstration project prior to full implementation.

Dependent Dental Care: Dependent Dental Insurance is one of the most sought after health care priorities for military families. The Air Force appreciates the recent authorization and partial funding of this important initiative for FY 1987. Our members are eagerly looking forward to this benefit, and we support full funding for this program in FY 1988. This plan is necessary to keep pace with benefits offered in private industry, as over half of all private sector employees will have some form of dental coverage by 1990. Not only will this program enhance the quality of life for military families, but it also has the potential to reduce overcrowding in military dental facilities, thus restoring retiree access to dental care.

Variable Housing Allowance (VHA) Offset: VHA was implemented on 1 October 1980 and initially was designed to pay each member the difference between the average housing cost for each grade/location and 115 percent of the Basic Allowance for Quarters (BAQ). There were several subsequent changes to the computation of VHA before the FY 1985 Defense Authorization Act restructured the program and established an out-of-pocket absorption factor of 15 percent of national median housing costs for each pay grade. Since increases in BAQ in FY 1985 and 1986 did not keep pace with increases in housing costs, and FY 1987 VHA rates were frozen at FY 1986 levels, a Service member's cost absorption is now as high as 18.9 percent.

Furthermore, in March 1986 the VHA program was modified, requiring Service members to forfeit half the difference between housing costs and the sum of BAQ and VHA for a member's pay grade and area. This offset provision penalizes members who made substantial down payments on homes in order to obtain lower monthly mortgage payments as well as those who bought or rented in outlying suburbs and traded longer commuting distances and time for affordable housing. In addition, the offset has had its most severe impact on junior members who can least afford any reduction in housing allowances. For example, E-5's with an offset effectively lost the entire 3 percent basic pay raise in FY 1986.

Service members are concerned about the erosion of benefits and particularly the inconsistency of pay and allowances from year to year. The continued turbulence of the VHA program is a classic example of such inconsistencies which cause unexpected and needless financial hardship. Accordingly, the Air Force supports repeal of the VHA offset provision and opposes any changes which would further restrict VHA payments or annual VHA rate increases.

Selective Reenlistment Bonus (SRB) Program: The Air Force continues to closely scrutinize its SRB program. Bonuses are paid for only those critical skills that have shortages or insufficient reenlistments to maintain the future health of the skill. Headquarters USAF reviews all SRB skills at least twice a year and makes program adjustments as required. These programming adjustments consist of adding and deleting skills as well as making appropriate changes to payment levels. Currently, 98 of a possible 246 skills receive an SRB--the majority of them being in the intelligence, electronics, avionics and aircraft maintenance career fields. A 19 percent reduction of SRB new payments in FY 1987, coupled with perceptions of uncertainty regarding future benefit and entitlement issues causes serious concern about our ability to keep people in these critical skills. We need and strongly encourage full congressional funding of the FY 1988 SRB Program.

Family Support Centers: Military families make strong contributions to retention decisions with a resulting positive impact on readiness and national defense. Two-thirds of our Air Force people have family responsibilities. These families affect the morale and job performance of Air Force members and are the dominant factor in the decision to remain on active duty. In today's environment it is essential that we continue to meet family needs. To help fulfill that responsibility we are establishing Family Support Centers (FSCs) at 123 major bases.

We will build ten new centers for a total of 64 funded centers in FY 1988, and intend to complete all 123 centers by FY 1991. We strongly urge continued congressional support for this program.

Family Day Care: The Air Force is developing a family day care program (care of small numbers of children in quarters by a military spouse). This program expands the child care options available to parents. It allows the base commander to approve a certain number of homes after they have been inspected. Prospective family day care providers have their base records screened for suitability to provide child care and attend training sessions on child development, health, and safety procedures. The family day care program expands child care capacity on the base without the Air Force incurring additional capital expenditures. The availability of this type of care is especially important for our families with young infants, handicapped children, and children who cannot be cared for in a large group because they are susceptible to illnesses. It also significantly helps families that work shifts and have extended TDYs--those families that need care when it is not cost effective to have the child care center open. To implement the family day care program, the bases hire a coordinator who identifies, approves, and supervises the homes. The Air Force has identified 109 new positions as assistant child care directors to implement this program. Continued support of this Air Force initiative is essential if we are to respond to Air Force families' needs.

Appropriated Fund (APF) Support to Morale, Welfare, and Recreation (MWR): MWR programs are one of the best forms of nonmonetary compensation. They provide a direct contribution to morale, fitness and a healthy lifestyle of our people. Their value is ultimately measured in the readiness of our force. At overseas locations they are often the only social activities available to our families. In such instances, they provide food, entertainment and social activities familiar to American taste and values, fostering a sense of community togetherness and pride.

During the FY 1987 authorizations and appropriations hearings, the committees provided the Services guidance in the funding and operation of these programs. The Air Force response focuses on initiatives to increase the efficiency of our activities and raise revenues to offset the loss of appropriated funds in FY 1988. In this effort we have developed a funding philosophy for categorizing activities for appropriated and nonappropriated fund support which will be provided as a coordinated OSD position. This philosophy recognizes the government's responsibility to fund activities such as gymnasiums, libraries and child care centers that support the organizational and institutional goals of the Air Force. It also recognizes that certain activities such as golf courses and bowling centers primarily benefit the individual and will be supported through self-generated monies and operated as business activities. We are implementing this philosophy in the Air Force. We request the Congress continue to recognize the government's responsibility and moral obligation in providing a hometown environment for our people and not permit appropriated funding to erode further.

IV. LEADERSHIP ISSUES

Managing PCS Moves and Costs: It is important to the Air Force mission that we maintain a permanent change of station program which allows us to meet our global commitments and provide fair and equitable treatment for our people. We've worked hard in the past to reduce moves and costs and had been very successful. However, in the last two fiscal years budget shortfalls have constrained our ability to meet the requirements of our PCS program without taking undesirable actions. In FY 1986 because of the budget reductions (including Gramm-Rudman-Hollings), we deferred $70 million worth of PCS moves to FY 1987. This was done by delaying overseas returnees and their replacements in long tour areas for two months and delaying voluntary PCS moves and nonessential CONUS moves until after October 1986. Despite these actions, further budget constraints required further, more permanent actions: reimplementing the Career Bachelor Program which requires single career members to serve the accompanied tour length in long tour areas; modifying provisions of the Base of Preference program (BOP) to allow in-place BOPs, only except for CAREERS retraining; beginning an extensive review of CONUS maximum tours which require people to move PCS; increasing the number of technical training graduates sent overseas; sharply curtailing operational moves; and reducing nonresident AFIT and Education with Industry programs. Initiatives implemented by the Air Force in conjunction with the

DOD to further save PCS dollars included requiring general officer initiation and approval for time-on-station waivers and curtailments; increasing minimum tour lengths in Alaska and Hawaii to 36 months, and raising retainability for CONUS PCS moves from one to two years.

Despite the internal Air Force initiatives and those worked in conjunction with the DOD, the Air Force is still short of the budgetary authority required to meet our originally planned requirements. The Air Force has taken a positive approach to solving the budget problem. A phased plan has been developed for FY 1987 which calls for a series of incentives to personnel serving overseas to further extend their overseas tour. Included in this positive approach is a revision to the way overseas rotation is managed, expanding the in-place consecutive overseas tour (COT) program and allowing individuals to request assignment to a specific base to encourage less costly overseas COTs instead of rotational assignments. A limited number of senior NCOs will be allowed to extend their tenure in the service in exchange for their agreement to extend overseas.

In addition to these initiatives to reduce overseas rotation, aggressive policies have been initiated to further reduce any CONUS tours which have called for assignments of less than three years, and ensuring CONUS assignments are not made when other resources such as overseas returnees are available within a reasonable period.

The Air Force remains committed to maintaining a viable PCS program, within budget constraints, which serves our people and the mission needs of the Air Force.

Other efforts to reduce moves and increase stability include higher overseas selection priority to those who volunteer to serve an extra year overseas and a liberal overseas extension program. We have increased the number of involuntary overseas extensions for those with short retainability in order to eliminate the need to pay for a move back to the States and then another move less than one year later for separation. We have increased the time on station required for certain CONUS moves and have had considerable success with the Voluntary Stabilized Base Assignment Program, which guarantees up to five years stability at selected, hard-to-man bases. We have also helped cut the cost of moves by encouraging the Do-It-Yourself Move Program, which saves household goods shipping costs.

Our efforts have been successful. Despite higher overseas requirements and greater commitments to man new weapons systems, we have increased the time on station between operational, rotation, and/or unit moves from 23.7 months in 1974 to 49.5 months now.

We solicit your continued support to maintain a viable PCS Program.

Overseas Station Allowance Overseas Station Allowances, composed of Cost-of-Living Allowance (COLA) and Overseas Housing Allowance (OHA), are critical entitlements designed to prevent the erosion of our overseas personnel's standard of living. These entitlements rapidly respond to the impact of US dollar fluctuations, which, in effect, take money out of the troop's pockets. Without these entitlements, our people would be discouraged from volunteering for and/or extending at overseas locations. During the past 12 months, the US dollar has undergone a 26 percent devaluation against both the German Mark and Japanese Yen, creating a rise in both COLA and OHA dollar requirements. Based on the exchange rate in October 1986, a $113M shortfall in overseas station allowances was projected and included in the FY 1987 Supplemental Request. Due to the dollar's continued decline, by February 1987, this shortfall increased by $34M for a total Shortfall of $147M. If the dollar continues its unpredictable decline this shortfall will increase, not only affecting FY 1987, but the outyears as well. Therefore, we strongly urge Congress to approve our FY 1987 Supplemental Request now.

Equal Opportunity and Treatment (EOT): "Equal opportunity and affirmative action are an integral part of leadership and management...We must all continually strive to ensure that equal opportunity and affirmative action remain a reality in the Air Force." This statement, taken from a recent policy letter signed by the Chief of Staff and Secretary of the Air Force, forms the foundation for our efforts to anticipate and counter the negative impact of discrimination and poor human relations on the Air Force mission.

Since the inception of the Social Actions program in the early seventies, the Air Force has made great strides in ensuring fair and equal treatment for all. The representation of minorities and women in several of our personnel programs has improved over the years. In addition, we have seen a reduction in instances of overt discrimination, which we attribute to more direct involvement by commanders and supervisors, quality human relations education programs, and dedicated EOT staffs.

However, we are not resting on our laurels. We want to be ahead of problems, not react to them. Our statistics show that discrimination in the Air Force is still a very real issue, and our threat assessment reveals trends in society toward a possible resurgence of EOT problems. We realize that complacency would only contribute to any resurgence, so we remain firmly committed to dedicating the necessary personnel and programs to uphold the principles of equal opportunity and treatment in the Air Force.

Drug and Alcohol Abuse Control Program: The Air Force believes substance abuse is a potential threat to combat readiness and must be met with an aggressive and sustained program of deterrence. We are continuing to focus necessary resources to minimize the adverse effects of drug and alcohol abuse on our military, civilian, and family members. For example, we have strengthened our policies and management practices to provide our field commanders responsive programs to discipline identified abusers and to selectively rehabilitate those retained on active duty. Efforts are now underway to increase the number of persons successfully rehabilitated by further strengthening the quality of our rehabilitation services. An Air Force drug and alcohol abuse counselor certification program is being developed to: improve program standardization, upgrade technician competency, enhance quality control, and increase commander confidence in the rehabilitation program. Concurrently, we have toughened our quality force standards to ensure the retention of productive and well-disciplined members. To solidify preventive measures which combat potential abuse, new approaches in our information and education programs have been employed with continued command and supervisory involvement and support. To address the needs of Air Force families experiencing the persistent, debilitating effects of alcohol-related problems, closer cooperation and coordination between base staff agencies have been regulated. Interagency training seminars and workshops will continue to be conducted to explore and implement new techniques and methods to enhance program services and cooperation. Furthermore, our comprehensive Driving While Intoxicated (DWI) Initiatives Plan has had significant success reducing alcohol-related fatalities and injuries among our Air Force members. For example, the number of alcohol-related fatalities dropped from a high of 87 in FY 1984 to 25 in FY 1986.

Our commitment to control substance abuse has resulted in a steady, overall, decline in drug abuse from previous years. For example, our urinalysis positive rate for marijuana has dramatically decreased from 7.3 percent in FY 1983, when we first began testing marijuana, to only 1.7 percent in FY 1986. Although alcohol abuse in the US continues to grow at a disturbing rate, our continued emphasis on alcohol abuse prevention and DWI identification has kept alcohol abuse in the Air Force under control. The 1985 DOD Worldwide Survey shows a decrease in the amount of lost productivity due to alcohol abuse (i.e. individuals reporting one or more incidents within a year) from 28.0 percent to 19.4 percent. We will continue to intensify our efforts to further diminish the potentially adverse impact of substance abuse on mission readiness.

General Officer Grade Relief: Again this year the Air Force urges Congress to act on DOD's Comprehensive Flag and General Officer Management Legislation. Our position remains unchanged: the number of general officer authorizations must grow to support our increased mission, budget, and personnel strength. Last fall, we were encouraged by indications that both Armed Services Committees would schedule hearings early in 1986 on this critical legislation: unfortunately, no hearings resulted. If it appears that Congress will again be unable to take up this important legislation, we ask authorization to return to the FY 1981 strength levels. Even as an interim measure, this token increase would go a long way toward improving our leadership and management posture in the Air Force at practically no cost to the taxpayer.

In the event this relief is not forthcoming, we must again ask Congress to extend or make permanent the exemption granted in the FY 1986 and FY 1987 Authorization Bills which will allow us to continue our 13th four-star general authorization through at least 1990.

Alternative Personnel Systems: In an effort to provide more flexibility in compensation and management of federal employees, various alternative personnel systems for federal employees have been proposed and/or enacted.

The Packard Commission's criticism of the current system and the success of personnel management experiments at two Navy labs spurred several legislative proposals in the 99th Congress. The Administration has again proposed a "Civil Service Simplification Act" for all General Schedule employees patterned on the Navy experiment. In an earlier initiative, the Air Force Institute of Technology (AFIT) was authorized by the FY 1986 Defense Authorizations Act to establish a new classification and compensation system for the civilian faculty of AFIT. Finally legislation was enacted for all DOD intelligence agencies allowing adoption of a separate personnel system patterned after the National Security Agency and Central Intelligence Agency.

As noted the Administration has reproposed its' Civil Service Simplification Act in the 100th Congress. This proposal would provide more flexibility to agencies to attract and retain a higher quality work force. We urge your support for the Administration's bill and recommend its implementation for DOD in a phased fashion starting with Scientific/Engineering and Acquisition personnel.

V. CONCLUSION:

Mr. Chairman and members of the Committee, we have addressed fiscally responsible requirements that will achieve a fully combat capable and ready force, capable of meeting Air Force worldwide commitments. As we look to FY 1987 and beyond, we once again seek your continued support for the kinds of programs and initiatives to assure our ability to recruit, train, and retain the high quality people so absolutely critical to the maintenance of the combat capable, war deterring force our nation needs and deserves. With that support, I am confident we can continue the momentum of the past five years and insure our future readiness.

PREPARED STATEMENT OF LT. GEN. ERNEST C. CHEATHAM, JR., Deputy Chief of Staff for Manpower, U.S. Marine Corps

Mr. Chairman, distinguished members of the subcommitte:

I'm honored to appear before you to provide an update on the manpower readiness of the Marine Corps, to outline our manpower needs for Fiscal Years 1988 and 1989, and to describe our prospects for the future. Up-front, I should say that we are requesting an active duty military end strength increase of 500 in Fiscal Year 1989, end strength increases for the Selected Marine Corps Reserve of 900 and 800 in Fiscal Years 1988 and 1989 respectively.

I can only repeat what I and my predecessors have said to you over the last few years, today's Marines, officers and enlisted alike, are the best ever. Each year we've used terms such as "unprecedented quality," "highest caliber," etc., in describing our force to you. The manpower quality trend line continues to go up, and thus our overall manpower readiness is at an all time high. This achievement has taken much time and an immense investment of resources. Building a military force is a unique endeavor and requires stable support over the long term. Congress has provided that support, and I believe the return on your, America's, investment has more than justified your actions. Our mutual challenge now is to protect and build on what we've accomplished. Although it takes years to construct a quality force, it can be dismantled very rapidly if it is perceived that support is waning. We must keep faith with our service men and women by continuing support for pay comparability, the retirement system, and indirect compensation in those areas that affect quality of life.

TOTAL FORCE

Concept

The Marine Corps has missions and responsibilities that span the entire spectrum of conflict, and we must plan for and manage our manpower assets accordingly. We do this by stressing sound force planning, fiscal responsibility, and developing an integrated plan with our reserve component participating fully in both wartime and peacetime planning. Further, civilian employees and contractors, wherever operationally possible, free our Marines to concentrate on their primary mission. Only through this total integration can we ensure accomplishment of our mission.

Active Force Requirements and Manning

Our manpower requirements are valid. Requirements determination procedures, standards and surveys for our support forces, and studies for our combat force are being refined to ensure that state-of-the-art methodologies and techniques are decisively employed to justify our future needs.

Manpower plans which support our requirements have been conservatively designed to support the introduction of new equipment, systems, and units essential to force modernization. The increased requirements for Fiscal Years 1988 and 1989 support continued modernization with the activation of a general support, self-propelled artillery battalion, transition to the AV-8B (Harrier), the F/A-18 (Hornet), and the CH-53E (Helicopter).

Manning has not kept pace with the growth in manpower requirements. Since 1982, we've requested end strength increases amounting to 9,500 and received 7,500. Despite this, in Fiscal Year 1987 our traditionally high "tooth to tail" ratio has increased to 68 percent of our manpower resources being assigned to the operating forces. This represents an increase of 3 percent from Fiscal Year 1982.

Officers

The cornerstone of the Marine Corps' manpower is its officer corps. Two manpower issues affecting our officers are particularly troublesome. They are the officer strength reductions, mandated by the Fiscal Year 1987 Defense Authorization Act, and the existing field grade authorization tables contained in the Defense Officer Personnel Management Act (DOPMA).

The Marine Corps can accommodate the 1 percent officer reduction as allocated by the Department of Defense although with some difficulty. However, if the 2 and 3 percent officer reductions for Fiscal Years 1988 and 1989 are applied to the Marine Corps, they will have significant and wide ranging impacts, from slowing promotions to impacting on combat readiness. The Marine Corps has always had the most austere officer to enlisted ratio. Rewarding our willingness to do more with less by further reductions just isn't right, especially at a time when the demand for Marine officers in joint assignments is increasing. The Title IV, Joint Personnel Policy provisions of the DoD Reorganization Act will require that we fill additional joint billets with top quality officers. Strength reductions, coupled with this increased emphasis on joint duty, will critically reduce officer availability in other areas.

Further exacerbating this situation is the long-standing problem the Marine Corps has had with the existing DOPMA officer grade ceilings, especially in the grade of major. In their testimony before you, my three immediate predecessors have explained how these ceilings obstruct our ability to shape and manage our officer corps. Specifically, the DOPMA grade table ceiling on majors continues to slow the promotion of captains to the grade of major. The grade authorization tables were based on continuation rates that existed in the late 1970's, which in no way reflect the current high officer retention rates. As a result, promotion timing to major has exceeded, and will continue to exceed, the timing intended by Congress when DOPMA was enacted. In Fiscal Year 1986, we requested our grade tables be changed to reflect 500 additional majors with a concomitant reduction in captains. We received an increase of 200 or approximately 40 percent of our request. Even with these additional authorizations, promotion timing continues to increase, and we continue to have insufficient authorizations to meet all requirements particularly in light of the pending officer reductions and additional joint officer requirements. Without full relief from the grade table ceiling for major, the time to promotion to major will exceed DOPMA guidance by 10 months in Fiscal Year 1988 and increase to 1 year and 4 months in Fiscal Year 1992. We need your help to finally correct this structural deficiency and permit us to maintain the delicate balance between adequate promotion timing for our young officers and the depth of experience desired in our senior leaders. We intend to request a change in our officer grade tables to allow us a greater number of majors within our approved officer strength. I earnestly request your support.

On a more positive note, our Affirmative Actions have resulted in steady progress in minority officer accessions. Our focus is now on their retention and continued advancement to the grades of captain and above. Efforts to provide a fair, balanced distribution of minorities within military occupational specialties also are showing positive results.

A Woman Marine Officer Review, similar to that undertaken in 1984 for enlisted women Marines, with the aim of ensuring equitable opportunities for women Marine officers is nearing completion. Two key factors to the study are maintaining overall combat readiness, while providing equity in career development for women. The result will increase the opportunity for assignment to traditional and non-traditional MOS's.

Enlisted Marines

I've already said they are the best ever--these better educated, more intelligent Marines mean improved readiness. They have a greater capacity for training, are less prone to disciplinary problems, and have a greater potential to lead. This quality is clearly indicated in figure 1.

QUALITY REVIEW

	FY77	FY78	FY79	FY80	FY81	FY82	FY83	FY84	FY85	FY86
NON PRIOR SERVICE REGULAR HIGH SCHOOL GRADUATES ACCESSED (%)	70.0	74.0	75.0	77.8	80.1	65.0	91.7	95.4	96.8	97.5
EDUCATION (% HIGH SCHOOL GRADUATES & ABOVE TOTAL ENLISTED FORCE)	78.9	82.2	84.1	85.2	86.6	87.8	94.1	96.5	97.7	98.4
UNAUTHORIZED ABSENCE (%)	10.2	9.8	8.4	8.4	7.4	6.7	5.3	3.5	2.9	3.0
DESERTION (%)	4.7	4.0	3.8	3.4	2.9	2.1	1.6	1.1	1.1	1.1
NON-EAS ATTRITION (%)	9.0	8.6	7.6	6.4	7.9	8.5	8.3	8.1	7.3	7.2
MENTAL GROUP I-IIIA (%) ACCESSED	60.7	58.3	57.4	59.0	57.1	60.5	61.6	60.7	55.1	65.2*

* 67.6 USING CURRENT ASVAB CONVERSION

Figure 1

Moreover, improved force management policies make the best possible use of this quality force. Longer terms of enlistment provide stability in the first term force. The average term of enlistment for Fiscal Year 1986 was 4.4 years--close to our goal of 4.5 years. Last year, we enlisted 99.4 percent of our recruits for 4 to 6 years as compared to 71 percent in Fiscal Year 1981.

To be able to implement these policies, it is essential that certain tools are available to help us properly shape our force. The Enlistment Bonus Program is used to attract high quality individuals for training and duty in short technical skills, and into fields that do not normally attract individuals of comparable quality. An evaluation of the program has shown that not only do we get better quality Marines into these targeted skills, we are also enjoying better retention. We therefore strongly support the initiative to extend the Enlistment Bonus Program beyond its current expiration at the end of this fiscal year.

The Selective Reenlistment Bonus (SRB) program is our most effective means of reducing critical skill shortages which occur each year because of inventory and requirement changes. While the cost of this program is fairly substantial, it is relatively inexpensive when compared to the cost of recruiting and training new recruits. Even with the lump sum payments at the 50 percent level, we are on track and ahead of our Fiscal Year 1987 retention goals. Therefore, we support the DoD initiative to allow the Services relief from the required 75 percent lump sum bonus payments as this would allow us greater program flexibility. We also request your support in continuing this program beyond its expiration at the end of this fiscal year.

Training

An integral part of manning our force is ensuring that our Marines arrive at their jobs properly trained. As equipment and duties become more complex, more Marines need to be school trained. Today, over 96 percent of all enlisted Marines attend a formal entry level skill school following recruit training. These schools range in length from 2 to 106 weeks. At present, only those Marines assigned to four, relatively small MOS's are trained exclusively on-the-job. While formal school training is costly in time and dollars, it provides the greatest return in terms of Fleet Marine Force readiness. The total training commitment is extensive when entry level training requirements are combined with retraining and career development requirements. At present, Marines in 70 percent of primary military occupational specialties are trained outside the Marine Corps, which necessitates reserving school seats with our sister services up to 3 years in advance.

One of our most effective force management tools, level loading of non-prior service recruit accessions throughout the year, facilitates a more even training flow, which in turn improves our ability to efficiently plan, buy, and fill these required training seats. It also moderates traditionally high summer accession and loss patterns which also improves readiness. As mentioned in previous testimony, we would have achieved level accessions in

Fiscal Year 1987; however, last year's congressional cut of $12.6 million specifically targeted to workyears will have a negative impact. It will cause training seats purchased in previous years to be missed which will result in a serious degradation in readiness beginning in the summer months and continuing into the fall. This is plainly false economy. Your understanding and assistance are vitally needed to allow the Marine Corps to resume its policy of level loading recruit accessions. Figure 2 shows the detrimental impact which the workyear reduction mentioned above will have on Marine Corps end strength in Fiscal Year 1987.

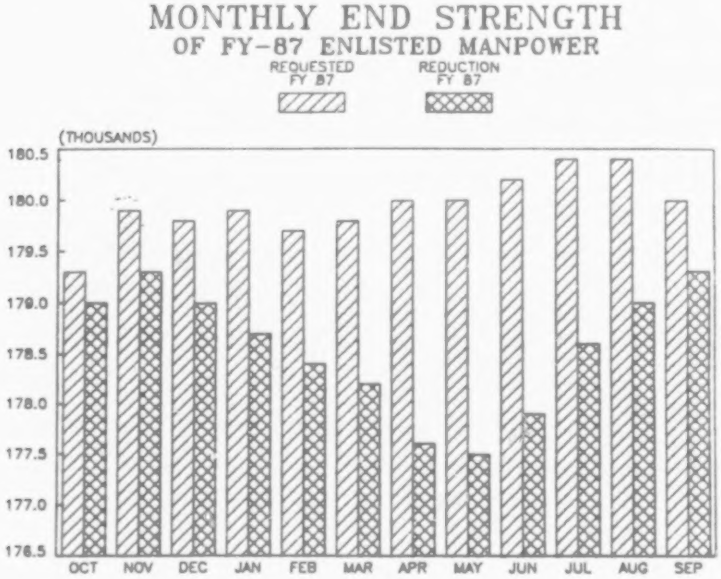


Figure 2

Permanent Change Of Station

The Permanent Change of Station (PCS) program is a vital force management tool. While recruiting, classifying, and training are critical to manpower planning, we must be able to move Marines to where they are needed. Keeping PCS costs down is, and has been, a high priority, and we carefully plan and closely monitor all PCS moves to ensure they are necessary and contribute to effective force management.

Today, almost 60 percent of our annual moves support Marines entering or leaving the service, with the remainder sustaining our worldwide commitments. About 21 percent of our force concurrently serves outside the continental United States in forward-deployed units of the Fleet Marine Force or in a wide range of other assignments including embassy duty and naval security forces. Almost 10 percent of our force is serving in unaccompanied overseas tours.

The Overseas Tour Length Review recommendations, which have now been implemented along with previous initiatives such as the Overseas Tour Extension Incentives Program, conversion of overseas billets from unaccompanied to accompanied, geographical reassignment, and our Unit Deployment Program have contributed to reducing our PCS requirements.

The Unit Deployment Program was implemented in Fiscal Year 1977 to enhance readiness and reduce organizational and personnel turbulence. Infantry battalions and tactical aviation squadrons homebased in CONUS deploy for periods of approximately 6 months to meet a portion of our Western Pacific and Indian Ocean commitments. Because a Marine is assigned to a unit for 3 years, training continuity is increased. Family stability is improved by reducing the frequency of 12-month, dependents-restricted tours.

We are expanding the Unit Deployment Program to include several combat support units. This will further decrease our PCS moves, while continuing to strengthen readiness and reduce personnel turbulence. Incorporating selected combat support units will eliminate an additional 1,600 12-month, dependents-restricted overseas tour billets by Fiscal Year 88. Over 14,000 PCS moves annually will have been saved by the Marine Corps implementing the Unit Deployment Program.

Our total PCS program reflects our commitment to keeping costs at a minimum while maintaining the flexibility required to function operationally. Less than 10 percent of our moves (in the category of operational moves) are used for purposes other than accessions, separations, training, or overseas rotations. Figure 3 portrays the strides we have made to reduce the number of PCS moves made each year.

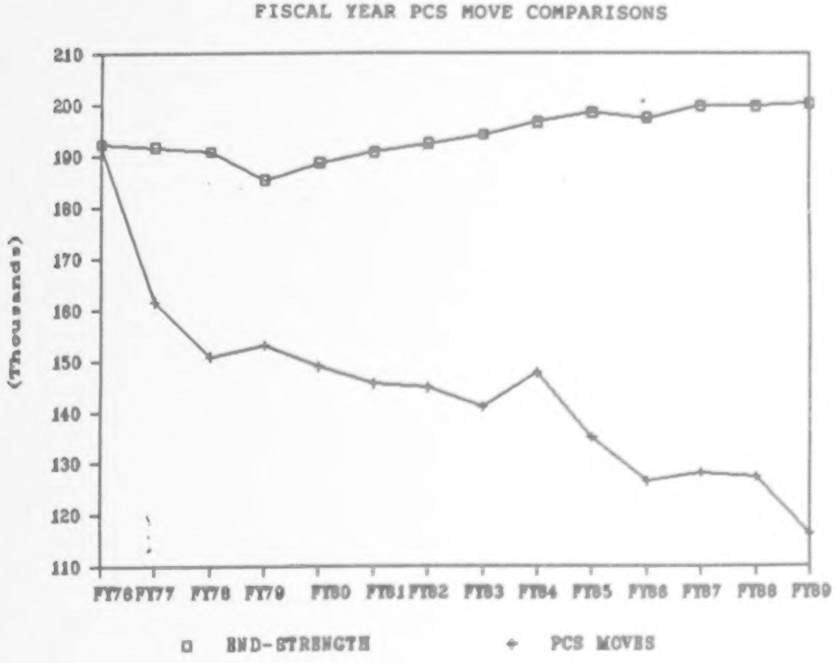


Figure 3

While we have driven the number of moves down, it is more difficult to cut the cost of the PCS program because the average cost of a move has increased. In Fiscal Year 1980, the average cost of a move was $760, while in Fiscal Year 1987 the average cost is $1,530.

Marine Corps Reserve

The mission of the Marine Corps Reserve is to maintain highly trained units and qualified individuals available for service in time of war or national emergency. Primary sources of manpower upon mobilization are the Ready Reserve, consisting of the Selected Marine Corps Reserve (SMCR) and Individual Ready Reserve (IRR). The reserve structure provides as much as 33 percent of the total Marine Corps wartime manpower requirement.

SMCR recruiting is restrictive compared to regular recruiting. We must recruit to specific skills based upon local unit requirements. In Fiscal Year 1986, the Marine Corps attained 104 percent of its SMCR non-prior service recruiting requirements. Ninety-eight percent of these accessions were high school graduates, and 99 percent were in the upper three mental categories.

The Marine Corps Reserve continues to improve its ability to retain its manpower through the employment of full-time career planners and increased emphasis on retention by commands. The Reserve GI Bill has made a significant contribution to this effort. We estimate we will retain 75 percent of the Marines who get the GI Bill for a period of 6 years. Without the GI Bill, our experience shows that we would have only retained 10 percent for the entire 6 years. These improvements enabled the Marine Corps Reserve to retain 1,000 more Marines in Fiscal Year 1986 than it did in the previous fiscal year.

Mobilization

During a national emergency, we will augment and reinforce the three active Marine Amphibious Forces with SMCR units. Our active and reserve units frequently participate in training exercises to ensure we can accomplish this task in a timely and effective fashion. Our primary sources of pre-trained individual manpower to meet wartime augmentation requirements are Marines still fulfilling their military service obligation as members of the IRR. Additionally, we rely on support from our retirees to perform essential base and station functions, which support combat forces and their families in the event of mobilization.

We must also have sufficient in-theater medical support, which is not available under current mobilization plans. Sufficient numbers of properly trained medical personnel and deployable medical support systems are needed immediately upon the outbreak of hostilities in order to provide the care necessary to treat wounded Marines and sailors in the theater of operations. Proper in-theater medical support is essential not only to save the lives of those critically wounded, but also to quickly return to action those Marines and sailors requiring only minor treatment.

Unfortunately, during recent years, there has been insufficient emphasis on critical aspects of medical readiness; one of which is manpower. Although manning of Navy medical support for the Marine Corps improves by six percent from Fiscal Years 1987 to 1989, we will still only be at 76 percent of our wartime requirement. Additionally, the shortage of personnel with critical wartime medical skills continues to be a major problem for all services. There is currently a shortage of 7,000 physicians, including 5,300 surgeons and anesthesiologists needed to meet the total wartime mobilization requirement. Your support of DoD initiatives to correct this grievous situation is urgently needed.

QUALITY OF LIFE

The Marine Corps' high state of manpower readiness can be directly related to its long tradition of caring for its own. The term quality of life is a popular way to express all of those factors that contribute to a quality work and living environment for our Marines and their families. These programs enhance morale, help retain quality personnel, and lead to increased personnel and operational readiness.

Today, with the number of dependents exceeding the number of Marines, this caring must extend to the entire family unit. For our young married Marines to be ready to go off to war at any time, they must have the peace of mind of knowing that their families will have the support they require.

Family Programs

Concern for families is an important element of Marine Corps manpower planning. Through our Family Service Center (FSC) programs, we are directly benefitting our most valuable resource - Marines.

These Service Centers are continually expanding their services. Their assistance to over 130,000 Marines and their families during Fiscal Year 1986 represents a 30 percent increase from the previous year. Our FSC's offer myriad programs providing such diverse services as relocation assistance, personal and financial counseling, information and referral, pre/post deployment briefings, and family enrichment programs. Nineteen travelogue films are in production that will provide information for Marines and their families about new duty stations prior to transfer. In addition, five money management films are being produced which deal with check writing, banking, and the wise use of credit. Innovative wellness programs such as "Stop Smoking," "Healthy Families," and "Stress Management" continue to improve the quality of life for individual Marines and their families. We will distribute later this year a family member resource handbook which is a synopsis of the rights, privileges, and benefits of being married to a Marine. The booklet provides valuable information to enable our Marines' family members to better understand both the military lifestyle and our mission.

Thirteen Employment Resource Centers are operational, and they assisted over 6,000 spouses and separating/retiring Marines in Fiscal Year 1986. By reaching the spouses of Marines, the program is adding dollars to Marine family incomes.

Morale, Welfare, and Recreation (MWR)

Our MWR programs play a real part in improving the everyday life of our Marines and their families by offering excellent fitness, wellness, health, and sports programs. We intend to increase emphasis on these programs throughout this fiscal year. In 1986, we upgraded our youth activities program through training given by the National Youth Sports Coaches Association, which included training and certification for youth sports coaches, parents, and officials. We are studying the possibility of consolidating exchange, recreational, and club accounts into a single nonappropriated fund. Additionally, we are looking at the possibility of consolidating our MWR staff and exchange staff into a single agency responsible for executing their programs. We feel that these initiatives will yield more effective use of our resources and support, in spirit and action, congressional guidance to reduce the appropriated funds used to support MWR programs.

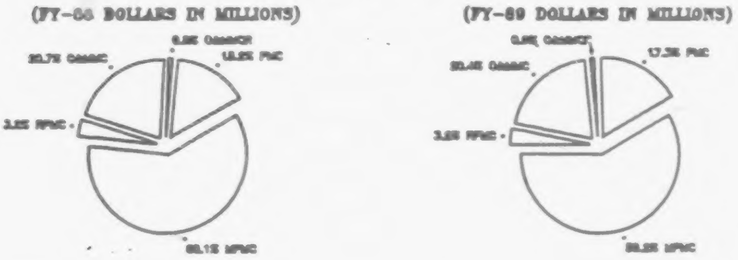
Drug and Alcohol Abuse

A sound program for countering drug and alcohol abuse is critical to readiness. The 1985 DoD worldwide survey indicated a continuing decline in drug use and a stabilized use of alcohol. Drug- or alcohol-dependent Marines are identified, treated, and, in most cases, restored to full duty. During Fiscal Year 1986, 1,233 Marines received formal, residential treatment for drug or alcohol dependency and were returned to full duty. Those who do not respond to treatment are processed for separation. To assure quality and continuity of care, the Corps has implemented a training, evaluation, and clinical supervision program to provide on-sight, professional support for its substance abuse counselors. We believe that preventive education, quality treatment, and deterrent policies have significantly reduced drug and alcohol abuse in the Corps.

Compensation

In my opening comments, I spoke of our mutual challenges of protecting and building on the quality force we have today. The Marine Corps is a manpower-intensive force, and in our planning we attempt to reach a proper balance between readiness, sustainability, force structure, and modernization to meet our global commitments. Figure 4 shows the amount of money spent on active duty manpower as compared to total Marine Corps dollars.

MANPOWER VERSUS TOTAL USMC DOLLARS



	DIRECT
MPMC	$5,446.8
RPMC	294.7
O&MMC	1,018.4
O&MMCR	71.4
PMC	1,402.4
TOTAL	$8,233.7

	DIRECT
MPMC	$5,834.3
RPMC	302.8
O&MMC	1,038.2
O&MMCR	86.2
PMC	1,646.3
TOTAL	$8,907.8

Figure 4

To maintain this quality force, I say again that it is crucial to keep faith with our service men and women. To do this, we must continue to support a strong, interwoven compensation package, that is founded on comparable pay and benefits for active duty Marines, and fairly supports our retired population. The pay raises in Fiscal Years 1981 and 1982 brought military pay to a relatively comparable level with the civilian sector. Since then, the pay gap between military personnel and their civilian counterparts has continued to widen to the point where the gap is the greatest since the beginning of the All-Volunteer Force.

The other key part of the Military Compensation System is the Military Retirement System. The retirement system is our lifeline to the future in terms of providing a force management tool that will motivate quality Marines to stay with us. It must be viewed in this context when considering changes. The Military Retirement Reform Act of 1986 changed the retirement system for those entering the military after 30 July 1986. Although not affecting the vast majority of Marines currently on active duty, many Marines may nevertheless see this change as an erosion of support by the Congress. We must monitor closely the effects of the Reform Act and be prepared to make modifications if and when required.

RECRUITING

Marine Corps recruiting continues to go very well and reflects our determination to fill our ranks with young Americans of the highest caliber.

By accessing 1,778 officers in Fiscal Year 1986, we met or exceeded every officer accession category and quality level goal. Entering Fiscal Year 1987 with a very strong pool of officer candidates allowed us flexibility in matching the best qualified officers to the right skill. We expect to enter Fiscal Year 1988 similarly prepared.

Fiscal Year 1986 was a new high water mark for Marine Corps enlisted recruiting. We exceeded all numerical goals, and 97.7 percent of non-prior service recruits accessed were high school graduates and 99.8 percent scored in the upper three categories of the mental qualification tests. Though a diminishing pool of recruitable age youths in an increasingly competitive market will make our goals more challenging to achieve, we look forward to Fiscal Years 1987 and 1988 with confidence.

As a result of the strong showing in Fiscal Year 1986, we began this year with 57.9 percent of the total force non-prior service (NPS) quota in the delayed entry pool. Our goal remains to enlist at least 63 percent from those who score in test categories I-IIIA on the AFQT, while matching or exceeding last year's percentage of high school graduates.

Ultimately, the Marine Corps offers an intangible but, nevertheless, real attraction to the youth of America - "the challenge" of becoming "one of the few good men and women." This challenge should continue to ensure that we recruit and retain those personnel we need to remain ready.

We support making the New GI Bill a permanent program because we recognize that it is perceived as a recruiting incentive. We recognize also that the additional options, or "kickers," to the program are clearly recruiting tools that allow the services to be competitive in the high quality market. As such, these additional options should be funded by the services in order to meet their individual needs.

We also support legislative enhancements to refine the New GI Bill. Our young Marines find it difficult to commit $100 a month of their pay to this program. Specifically, we would like to see the period of pay reduction extended to 24 months, which would require a Marine to pay only $50 per month. Additionally, we would like to give our Marines a longer period to decide whether or not to apply for the program.

We are concerned, however, with the false notion that GI Bill benefits will offset the need for our Enlistment Bonus Program. This is not the case. As I indicated previously, the Bonus Program is designed to attract recruits to specific skills; while the GI Bill allows the services to compete in a particular market. This is a critical difference.

CONCLUSION

The Marine Corps today is at the highest state of manpower readiness in its history. This has been made possible through long-term planning, aggressive recruiting, and efficient force management. As proud as we are of this accomplishment, we know we didn't do it alone--your backing has been vital. I am confident that you will continue this essential support for our Nation's force-in-readiness.

Senator GLENN. Senator Exon.

Senator EXON. Thank you, Mr. Chairman.

NAVY PROMOTIONS

Welcome, gentlemen. I want to add my concerns expressed by the chairman, the new member, and others with regard to the difficulties of promotions in the United States Navy. I may not look at it quite with the alarm that others do, because I think I have been a layman watcher for a long, long time. I think that regardless of the outcome of this, John Lehman is going to go down in history as a great Secretary of the Navy. I think he has done an outstanding job.

I have disagreed with him violently from time to time, and I do on this one, but I suspect that the letter that is going over today, and I especially join in the salute of Admiral DeMars for standing up and saying I will not be a part of this, that shows more leadership among flag officers that we very definitely need. Those are the checks and balances we have in our system.

So as bad as I think this is, it is not unlike John Lehman to do things like this. John Lehman is the type that wants to run things his way. So, while I think he was wrong, and he will be wrong again, we are all wrong from time to time, I do not believe it is going to be any long-term blight on the overall job that he has done for the United States Navy, despite my deep disagreement with him on home porking—homeporting. [Laughter.]

Senator GLENN. I concur with the original statement. [Laughter.]

Senator EXON. That is right, which we run into from time to time.

REDUCTION IN OFFICER STRENGTH

Secretary Cox, let me ask you a few questions. First, as a part of the reductions in the officers' strength last year I believe that it was doled out in the Department of Defense where the Army lost about 1,600 officers, and the Air Force about 1,400 officers, and as I understand it the Navy none. Why is that?

Mr. COX. Well, sir, it depends upon the baseline you come from. The Navy lost proportionately more than the other services from their 1987 authorized strength levels. The methodology we adopted, without having a requirements' based study to base it on, was that we would apply reductions pro rata across the services from their

1987 officer authorized end strength. We did that, but we had the additional requirement that no service could grow above their 1986 level.

So I think the Navy's reduction was somewhere in the neighborhood of 1,600 from the 1987 base.

Senator EXON. Did that take into consideration that that base may have been high?

Mr. COX. No, sir. That was the base that was approved by the Congress, and it was approved by the Department of Defense as their 1987 strength level.

ROLE OF GUARD AND RESERVE

Senator EXON. Another question. Last year, as you know, the Congress enacted the so-called Montgomery amendment which essentially removed Governors from any decision whatsoever with regard to the overseas deployment of the State Guards, or the National Guards. I thought this was an excessive response to a very real problem.

I happen to believe totally in the total force concept, and I understand how the role of the Guard and the Reserve have changed. I support that, as well as the President being Commander-in-Chief.

However, the Governors in my opinion should not be put out of the picture completely. Now this controversy continues to rage on with the filing of lawsuits by certain Governors. We had a case in point on this in Nebraska. The former Governor objected to the sending of any Nebraska units in certain places, and the new Governor who had just taken over did not, and so the problem so far as Nebraska is concerned has resolved itself.

But I think the long-term situation is still there. What I have been trying to do is to come to some kind of a workable compromise or concensus and still leave the Governors in charge. I have introduced legislation which simply would allow the Commander-in-Chief on a case by case basis to overrule a Governor if a Governor, for whatever reason, objected to the overseas training of the National Guard. I think the Commander-in-Chief still has to be the one with the power to make the final decision, on a case-by-case basis and for national security reasons. What is your reaction to my suggestion?

Mr. COX. Sir, I have to defer on this question because I have not been involved in it nearly as much as the witness who will succeed me here at the table this morning, Mr. Denny Shaw, who is the Acting Assistant Secretary for Reserve Affairs, who has been very much involved in working with the Governors and helping draft the legislation, and negotiating with Members of Congress on the sensitive issues.

I would be remiss if I commented on it. He is here, so you can ask him.

Senator EXON. I am delighted that he is here. He is not on this panel. Unfortunately, I will not be here.

Mr. COX. I will be happy to step down and let him take my chair and respond to questions.

Senator EXON. Would that be all right, Mr. Chairman?

Senator GLENN. That would be fine.

Mr. **Shaw**. Senator Exon, I would first like to point out that no State Governor has the authority to order National Guard troops into Federal status. I see this remedial legislation last year that was crafted to take care of the serious problem that you have seen as not really diminishing the authority of the Governor.

However, it does change the existing legislation which passed in 1952 in which this Congress gave the Governors a right to veto the call of Guardsmen to a Federal active duty status and for deployment overseas. I think that the remedial legislation that we got last year will effectively resolve the situation.

It has not created lawsuits. In fact, the lawsuits—the law suit that was filed and that may be joined by a few other Governors, although to my knowledge it has not yet been joined—is a revisitation of the issue, and it is not something that arises as a result of the legislation that was passed. We needed that legislation last year in order to carry out the functions of providing the National Guard with the most effective training that we could provide.

It is the exact type of training that we are providing to the Federal Reserve component——

Senator **Exon**. Now just a minute. You are going off on a typical administration defense of the policy. I said I was for defense of the policy. You do not have to tell me how important that is. I am not interested in a civics lesson. I am only interested in trying to work out the difficulties that we are going to continue to have, I suggest, in this area.

Now the basic differences between the Montgomery amendment and what I have suggested is simply that the Governor has the right to object, for whatever reason. My amendment gives the Commander-in-Chief the final decision by sending a letter to that Governor saying that, notwithstanding your objection, the Guard will go.

Now you think that the Montgomery amendment that was acted on in a great deal of haste is the way to go? Is that right? And you do not think——

Mr. **Shaw**. Yes.

Senator **Exon** [continuing]. The solution that I suggest where the President as Commander in Chief could on a case by case basis and for national security reasons overrule the Governor would not be as good a solution to the problem?

Mr. **Shaw**. For two reasons, sir.

One, under the current legislation if there is a State emergency, whatever that may be, the Governor may under current legislation withhold his consent, and we would observe that.

Senator **Exon**. Wait a minute. He can withhold his consent, but you can still overrule.

Mr. **Shaw**. No, sir, we may not. Not if there is an existing State emergency and a Governor needs his National Guard in its State status to respond to that emergency.

Senator **Exon**. So if the Governor says he has a national emergency——

Mr. **Shaw**. A State emergency, sir.

Senator **Exon** [continuing]. At the State, whether he has one or not, the Guard does not go?

Mr. **SHAW**. Then we will not deploy those troops for overseas training. That is correct, and that is the law.

Senator **EXON**. In other words, you are saying that a Governor, whether he has an emergency or whether he does not have one, could invent one and prevent the troops from leaving?

Mr. **SHAW**. Well, theoretically he could, but I do not believe he would.

Senator **EXON**. If that is true, then the law is no good, because I do not believe a Governor should have the right to invent emergencies. But my time is up, Mr. Chairman.

Did you have a second reason?

Mr. **SHAW**. Yes, I did. The second point is that our overseas deployments today involve thousands of people, including Guardsmen. In 1987 we will have over 30,000 Guardsmen deploying overseas. And for the Commander in Chief, for the President to certify to Governors that this training is essential to the national security to override a Governor's veto is just an administrative burden that we need not go through. It is not necessary.

Senator **EXON**. Well, you assume that there are an awful lot of Governors who are going to object, which I do not.

Mr. **SHAW**. Last year we had 12 that put various restrictions on our training overseas.

Senator **EXON**. And you think that those 12, or their successors, are not going to continue to object under the Montgomery amendment?

Mr. **SHAW**. I think under the current legislation they will not unless they have a bona fide State emergency, and in that case we will observe that.

Senator **EXON**. I hope you are right, but I am very fearful that we are going to have a continuing problem in that area which I think could be averted by a little better meeting of the minds.

Mr. **SHAW**. I agree.

Senator **EXON**. My time is up. I thank you.

Senator **GLENN**. Thank you.

Senator Shelby, welcome to the committee, and welcome to your questions.

Senator **SHELBY**. Secretary Cox, I will give you a second to get back.

I did want to comment on my friend from Nebraska. I wish Nebraska did have a seaport up there. I know we have got a small one, we hope, brewing in Mobile, AL, that as far as homeporting is concerned. Who knows, it might change something.

Mr. Secretary——

Senator **EXON**. The word is "por't'ing" is that right?

Senator **SHELBY**. "PorTing," "homeporting." [Laughter.]

Mr. **COX**. Nebraska does have a Navy, does it not, sir?

Senator **SHELBY**. I do not know. I am waiting on my colleague from Nebraska. I had not heard him talk about the Navy, but he is certainly interested in the Air Force.

Mr. **COX**. Well, one of my old law partners has a commission as an Admiral in the Nebraska Navy hanging on his wall.

Senator **EXON**. That is right.

Senator **SHELBY**. Secretary Cox, how do you choose the form of manpower used, either military, civilian, or contractors to do a job for DOD at the least cost to the taxpayer, putting everything in perspective?

Mr. Cox. Well, the process for that is a maturing process. It has certainly not matured. We have adopted a policy, which is to perform the job at the least cost with the type of unit that can capably perform, subject to these other concerns about responsiveness, and so forth.

We have also recently developed a methodology for that through some studies which we are applying, and this summer we are going to test the methodologies for determining——

Senator Shelby. How does your methodology work? You do not see him when you test, but what is the proscription there?

Mr. Cox. There are a long list of criteria on what the services should apply in determining these cost factors. Also, there is a very complicated process in determining military capability, and those things are fed together and then the services decide, and we review it.

Senator Shelby. Is this methodology basically new? You said it was maturing. In other words, it is not mature?

Mr. Cox. It is not mature, and we are not satisfied with our accountability mechanisms for making sure that it is done consistently and accurately, but we are working on those.

Senator Shelby. It is basically a management theory, is it not?

Mr. Cox. Yes, but it has a lot of the military operational capability concerns folded into it, because the Joint Chiefs of Staff are involved in the process, as are the services.

Senator Shelby. Do you think this methodology, if it works, even if you adjust it—which I am sure you will to meet certain situations—will save a lot of money? Or will it better utilize what you have?

Mr. Cox. We think that the long-term result of this approach will be that we will be able to perform our requirements at less cost.

NEW GI BILL

Senator Shelby. Secretary Cox, on page 17 of your testimony here today you talk about the new GI bill that passed in the previous Congress. I served when I was in the House as a member of the House Veterans Affairs Committee under Congressman Montgomery, whose name was mentioned in another context a minute ago.

What impact would this new GI bill have on recruitment? Or I should say, what impact is it having on recruitment?

Mr. Cox. The GI bill has a very favorable impact on recruiting, and the administration is supporting making the GI bill permanent. We have testified to that, in fact, before both the Senate and the House Armed Services and Veterans' Affairs Committees.

Senator Shelby. You also mentioned in your testimony that perhaps it should be tailored for certain situations. How would you do that?

Mr. Cox. The administration's position with respect to the recruiting benefit aspects of the GI bill is that if we are going to justify it as a recruiting tool then we need to tailor the benefits to be consistent with the approach.

So we have been instructed to devise legislation which would focus not only the targeted benefits that are currently in the GI bill program, but also the basic benefit as a recruiting incentive as opposed to readjustment benefit.

Senator **Shelby**. It is basically a recruiting incentive. That is why we passed it, was it not?

Mr. **Cox**. That is the justification that the administration has used in supporting the bill.

Senator **Shelby**. Thank you, Mr. Chairman. That is all I have.

Senator **Glenn**. Thank you, Senator Shelby, very, very much.

Senator Symms.

Senator **Symms**. No questions, Mr. Chairman. It looks like the hour is moving on here, so I will reserve my questions.

Senator **Glenn**. Now there is a good Senator, I will tell you. [Laughter.]

Thank you very much.

Let me have one more round here, and then we will make this move along as fast as we possibly can. There are a whole host of questions that we had lined up this morning and, gentlemen, we may want to ask you to respond in writing to these questions rather than having another hearing to get into them and we would hate to do that it we can avoid it.

Mr. **Cox**. We would be happy to respond, sir.

Senator **Glenn**. Thank you.

GROWTH OF OFFICER CORPS

On this growth in the officers corps, Mr. Cox, are you personally satisfied with the growth in the officers corps since 1980 has been fully justified?

Mr. **Cox**. I am not personally satisfied, and that is the reason we are doing our study.

Senator **Glenn**. Well, we had hoped that we would have that study available to us by now. It has taken a long time. I find it difficult to believe that the services and the Department of Defense speaking for all the services cannot come up with a justification immediately for all the officer strength that we have.

Mr. **Cox**. Sir, we can come up with a justification, but we cannot prioritize those justifications and tell you which officers we think we should cut.

Senator **Glenn**. Why do you think we have had the growth we have had since 1980 where, in the Army for instance, we have had 0.5 percent growth in end strength, and an 11.1 percent growth in officer corps?

Mr. **Cox**. Maybe you would like——

General **Elton**. I would love to answer that, Senator.

Senator **Glenn**. Good.

General **Elton**. In fact, I am just chaffing at the bit here to answer that question, because last year——

Senator **Glenn**. Good for you.

General **Elton** [continuing]. When you first brought this up I was sitting here listening to it, and I responded back to you about 3 months subsequent to that time with what we thought was a reasonably good justification as to the combat multiplier that those officers gave to the Army.

You are right. We did growth about 11,000 officers in a 5-year period. We did that with a constant Army strength. So that meant that we replaced some soldiers with officers, so the ratio in that regard looked a little skewed. But what I pointed out last summer was that 90 percent of that growth took place in company grade and warrant officers, and they were almost all in the combat arms.

As you recall, we have gone through in the last 5 years a total revampment of the Army to better enable us to fight across the spectrum of wars we might be called upon to respond to, those running the gamut from terrorism all the way through nuclear conflict.

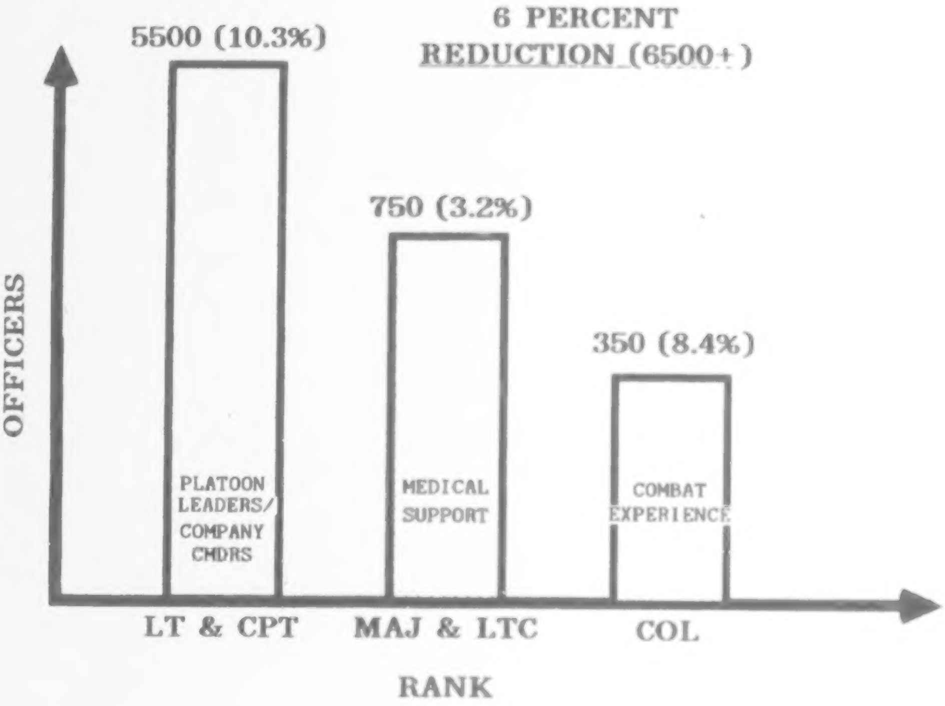
Senator GLENN. Well, let me interrupt if I could. I do not want to interrupt your flow of thought, but regarding the combat arms what you are saying in effect is that the troop to officer ratio in the combat units has gone up. Is that correct? What has been the reorganization that dictated that there would be fewer troops per officer in combat?

General ELTON. That is true. In the combat arms. They went up because we changed, based upon looking at the battlefield that we would face, the highly maneuverable forces that we might face on the battlefield, we adjusted our structure so that we would have more maneuver elements to play against that threat. So instead now our mechanized battalions, instead of having three maneuverable companies, we have four. That is an additional set of officers.

Our tank battalions instead of having three maneuver companies now have four. Both of them have more equipment, smaller numbers of soldiers, but higher leader to led ratio. Even so though, in those battalions it is very interesting that the leader to led ratio in the tank battalion used to be 1 to 13, and dropped to 1 to 12. In the mechanized battalion, it was 1 to 19 and dropped to 1 to 16. Then of course as you know we have formed the Light Infantry Divisions, and those battalions which are almost all combat soldiers, the ratio there is 1 to 14.

Even so, we are doing reasonably well with regard to the ratio of officers to enlisted. But the real point was that if you are going to change a structure and you are going to try to focus on the combat capability of the Army providing land power, we must do it at the base where the rubber meets the road, and those are in the company grades. That is precisely where the Army grew to more than three-quarters of the total growth down there in the company grade.

I would be happy to provide for the record precisely where those officers went. I gave it to you and your staff last year, but I will be happy to do it again, because I have got a little chart here I would like to just flip up for a minute that will show you that if we persist in the 6 percent cut, based upon the constraints that we have that we are facing with regard to DOPMA, as you can see there we would have to take out about 10 percent of our existing company grade officers.


6 PERCENT
REDUCTION (6500+)
5500 (10.3%)
750 (3.2%)
350 (8.4%)
OFFICERS
PLATOON LEADERS/ COMPANY CMDRS
MEDICAL SUPPORT
COMBAT EXPERIENCE
LT & CPT
MAJ & LTC
COL
RANK

Now those will not be precisely platoon leaders and company commanders, but they are potential, and that is the price that we would have to pay—5,500 would have to come out of that total group, and that is about 1 out of 10. Of the majors and lieutenant colonels, 3 percent comes out of that total group, and again half of those are medical support people.

Then if we go to the colonels, we would take about 8 percent of the colonels, and there goes the combat experience from Vietnam. So I really believe that, as Mr. Cox mentioned, we need to be prepared to lay all this on this committee again, but this cut would be a severe cut to the Army.

[The information referred to follows:]

OFFICER GROWTH

During the period from fiscal year 1980 to fiscal year 1986, the Army Force Structure increased by 11.1K (8.5K Commissioned Officer and 2.6K Warrant Officer). Of the increase, 62 percent occurred in Modified Table of Organization and Equipment (MTO&E) units or their augmentation—the combat elements of the Army. By grade, 61 percent of the force structure increase occurred in Company Grade (CPT & LT) Commissioned Officers and Warrant Officers.

During the same period, the Army inventory increased by 11.4K (9.4 Commissioned Officers and 2K Warrant Officers). Eighty five percent of the inventory increase occurred in warrant officers or in the basic branches—the ones that fill the TO&E Army. By grade, 86 percent of the inventory growth took place in Company Grade Commissioned Officers and Warrant Officers. Within the basic branch Commissioned Officer growth, more than 100 percent occurred in the Company Grades (Field Grades decreased by approximately 125). Total Commissioned Officer growth took place primarily (66 percent) in the Combat Arms (Infantry, Armor, Aviation, Field Artillery, Air Defense Artillery, and Engineer). An additional 20 percent of the total Commissioned Officer growth took place in Signal, Military Intelligence and Chemical-branches that form an integral part of the combat capability of the Army.

Senator GLENN. Well, the last thing I want to do is cut combat capability, but I also do not want to see that what we termed last year as "brass creep," eliminated unless it is fully justified. If it is increasing combat capability, I am for it. I have not been convinced up to now, obviously, that that was the case, but I would be glad to go into it with you again in more detail with the staffs.

General Hickey, of all the services the Air Force has the largest proportion of officers on active duty force, and like the Army that ratio is the richest in history. Is the growth there to accommodate higher retention? If we do go through these reductions as we have planned, what will be the effect on combat readiness? What level of reduction would the Air Force accept as reasonable? Would you address this?

General HICKEY. Yes, sir. I would be very glad to. If I might address a couple of those shibboleths off the top, and then we can talk about some of the more factual parts of it. It is true we have been alleged to have had officer growth because we just had so much retention; we were keeping so many good officers that we had to justify some growth so that we could keep them on board, because we did not have the nerve to give them away.

I would only submit to you, sir, that at the same time we were enjoying good retention we were also recruiting and bringing on board several new officers each year. We could have easily reduced the numbers of accessions coming on board and maintained our strength and enjoyed all of that retention, but the fact of the matter is we were increasing the size of the officers force because we in fact had requirements which we thought were valid, and which at the times that they were represented to the Congress were accepted by the Congress. So that particular argument is just not so.

There is another argument which has also been alleged. That is, that we have changed the standards; that we have in fact, because we are enjoying such high retention, have taken enlisted jobs and converted those to officers, and we have reduced our standards.

I have been through that in very much detail, sir, and again I must tell you that that is just absolutely not true. As a matter of fact, of all the 7,500 growth in actual numbers of officer requirements that I have seen and that we have filled in the Air Force between 1982 and 1987, the only thing that I can find that comes close to that is that there are 22 auditors that were enlisted auditors that we have converted to officer.

If those are soft, I think that probably we would submit that we would be glad to reconvert those back. We thought they were done for a good, valid reason. But that is the only inference. The only standard that I can see that has changed in this timeframe is that the standard by which the Congress is measuring our officer requirements has changed. Bluntly, we do not know what that new standard is going to turn out to be yet, sir.

Now if I could tell you——

Senator GLENN. Let me address that. Our standard is only one thing: that we have some traditional numbers of leaders to lead, as you termed it, and that has been traditional through the services. The Air Force has been a little higher, the Army has been the lowest, and so on across the board. Now over the past few years, we have seen that ratio drastically change.

That is what I tried to address last year, and that is the reason that requirement was added. When we see a change for no apparent reason, as was said just a minute ago, we are realigning, we have more maneuver units, we have whatever, maybe we have to look at that again.

General HICKEY. Yes, sir.

Senator GLENN. That is the reason that this issue was reviewed. We did not do this just for orneriness over here.

General HICKEY. Yes, sir. If I could give you some of the specifics of what those things were that we have in fact increased in officer requirements over those last 5 years, space operations and the expansion of the business that we are doing in space was 755 of those, primarily engineers.

We increased 697 pilots, force structure driven. At the same time, we established a new career field, a nonrated operations career field to allow nonrated officers to work in command posts and things like that, rather than use a more expensive resource which historically was pilots: 928 of those.

We have increased by civil engineering 198 officers in a total engineering force increase because of rapid runway repair. We have an increase of 479 in intelligence officers, primarily in joint billets. We have an increase of 165 officers in security police, and that is a combination of GLCM, manning GLCM and the number of officers that deploy with relatively small numbers of troops to protect each of those GLCMs when those are out on the field and in deployment status, and also because of some of the terrorism and the other kinds of activities that have forced for higher security.

The biggie, science, engineering, acquisition: 2,836. As all of you know, we have had significant concern on the part of the Congress for the way that we have been managing our acquisition and procurement programs in R&D, and I am not sure that we have all of those solved. But we did what we thought was a very reasonable thing. We threw all the brain power at it that we could bring to bear, and we have done that, and I think we are doing a better job there.

But all of those are, again, very highly technical degree-holders, a lot of advanced degrees, and engineers. The jobs they hold are not the kind you can procure enlisted people to fill. Therefore, we have filled them with officers.

Finally, 1,300 are in medical readiness. As you know, over the last 7 or 8 years we have done a great deal in working on military combat medical readiness in all of the services. It has been a necessary thing, and we appreciate your help in it. But those are where 1,300 of the 7,500 have gone.

Now it is true, you ask us again and I cannot tell you again today where are we going to take the cuts of 1, 3, and 6 percent? Because you are talking about what does not sound like a very large percentage, but you are talking about something on the order of 22,800 positions of end strength in programmed fiscal year 1989 that will not be on the books if we take a 6 percent cut by that point.

That is larger than all of the officers in the United States Marine Corps. It is almost twice the total number of officers in the whole defense establishment of our neighbor in the north, Canada, in their Army, Navy, and Air Force combined. They have about 12,000. That is about one-and-three-quarters of those. So it is a big chunk.

In the United States Air Force, it represents about 8,900 people that we would lose by the end of 1989. I have some examples of what that might be: 8,900 people are enough people to man all of the officers in three SAC bomb wings, three MEC airlift wings, two tactical fighter wings, and three SAC missile wings. All of those. That is what 8,900 officers will do to you.

We obviously are not going to do that, sir, but it is clear to me that we cannot solve a problem of that magnitude just by pulling in our belt a little bit. It has, in my view, grave force structure implications. What we have now is an officer strength process which is driving force structure down. It is a serious problem, and I share my cohort's view of the problem, that it is going to be a difficult issue to answer for it.

Senator GLENN. Well, you make the worst case scenario, obviously, when you say it is going to come out of SAC wings, and so on and so on. I do not think it necessarily has to come out of that. If that is where the growth occurred, then maybe that is where the growth should come out.

I would hope that all of you gentlemen here would be forthcoming in giving your information to Mr. Cox so we can get this thing over with and done, and decide whether we are going to go through with it or not. I am not unrealistic in this whole thing. I want to do what is going to increase combat effectiveness. But when we saw growth on the order of 10 to 1 or 12 to 1, or whatever they were, over previous time periods where the services were being increased, and the ratios of officer to enlisted were remaining about the same or very little change, and then all at once over a 5-year period we see the thing balloon, we took action on it.

Now if that action is all justified, if you can substantiate this to OSD, then I am certainly happy to look at it again. But there needs to be some justification. We are not going to see this thing balloon where we have got all officers and no chiefs—or all chiefs and no indians. That is what we saw approaching.

If the ratio was to continue, if those TRIM lines were to continue, it would not be very long until we were going to have half officers. Maybe the maneuver idea is valid. I would want to look at whether the sergeants could do a lot of the leading that second lieutenants were previously doing. If all we are doing is maintaining the same number of people and we say that we have four units instead of three, do we really need officers with every unit?

I do not know how far afield you expect those units to go. Are they going to be in close proximity? Are they going to be farther away from each other where you need a whole separate officer training corps to lead those dispersed groups out here someplace? If so, fine. I am willing to look at that again.

If not, if this is reasonably compact like our traditional military units have been, I would submit that just changing the numbers, or reorganizing into different numbers, does not necessarily rate raising officers strength.

We can look at it, and I would be happy to look at that again.

My time is up here again. Senator Symms, you were next in line here. Do you want to ask some questions?

Senator SYMMS. No questions, Mr. Chairman.

Senator GLENN. Senator McCain.

Senator MCCAIN. Mr. Chairman, I think you have made the point very well here. Again, I just was listening, General Hickey, to the numbers as you rattled them off there. There was a 479 increase in the number of intelligence officers. You mentioned most of them were to Joint Staffs. Is that right? Was that your statement?

General HICKEY. That is true. They are outside the United States Air Force. Either Joint Staffs or DIA.

Senator MCCAIN. Perhaps we should look at the size of the staffs and how they have grown over time. I would be interested, for example, in the size of your staff as opposed to 5 years ago.

General HICKEY. Yes, sir. I will be glad to provide that for the record.

[The information follows:]

COMPARING STAFF SIZE

The Air Force has to cut over 50 percent from the total number of officers that were in the headquarters air staff and the secretariat from the 1972–73 timeframe until 1987. If fully implemented the Title 4 DOD Reorganization Act will help bring the total number assigned from 5,000 plus to about 2,600.

SIZE OF SAC STAFF

Senator McCain. I would be very interested in knowing the size of the Strategic Air Command's staff, as opposed to 5 years ago—all of them. I think it is very uniform, Mr. Chairman, that there have been increases and they have been incremental. And then when we have additional requirements like command of GLCM units, those are additional officers on top of that.

I think that the only way we are going to be able to attack this and be able to comply with the law is to look at the command structures as they exist today and find out if there are not indeed some that we can eliminate. I would suggest that there are far wiser people than me who have made that argument in the past.

In fact, Admiral Carlson, I understand sometimes now we have two admirals on board an aircraft carrier at the same time. Is that right?

Admiral Carlson. Well, we have the carrier, as you know, as the center of the battle group which can be 15 or 20 ships. The admiral is there to direct the entire combat force, not the aircraft carrier. That ship has its own commanding officer on board. The flag officer is there to cover the whole 50,000 square miles of ocean that that battle group is going to be engaged in and fight in. He happens to be riding in the aircraft carrier.

Senator McCain. And if there is a battleship along, there is an admiral on board the battleship, too?

Admiral Carlson. No, there is not. The Congress did not provide funds to equip the battleship with any flag quarters, so the guy has to sleep in a hammock between barrels or something. But they do not have any admirals on board those battleships.

Senator McCain. I would be interested in seeing that day when the admiral sleeps in the hammock. [Laughter.]

I have personally been in those battle groups where there have been as many as three admirals in that 35 ships.

Admiral Carlson. Yes, sir.

Senator McCain. We did not need to do that in the last war we won, and I would suggest that there is enormous redundancy in those areas. To make an argument that there is not really insults the intelligence and experience of many of us who have served in the military, including the chairman.

I think to just say, well, we are going to have to cut out two wings, or mothball ships, or whatever the most dramatic arguments that are being made, is not in compliance with—does not show a degree of cooperation that I would hope that we would get.

So, Mr. Chairman, I yield back the balance of my time and I hope that at a later date also we will be able to get into this issue of women in the service, and what their roles should be. We have a bill, as you know, that Senator Proxmire and Senator Cohen have proposed, and I think we should very carefully examine the whole issue as we approach the year of declining manpower.

I thank the chairman.

Senator Glenn. Thank you, Senator McCain.

We have a whole host of questions. I will go through them, because we will want you to be thinking about these things, and we will not have time this morning. Obviously we are over our time for this panel already and we have another panel yet to go. Maybe we were over-ambitious in what we were trying to schedule for this morning, I will mention this to the staff. Maybe we should take more time to do a more thorough job, rather than trying to rush through a large panel in one morning.

But some of these issues that we were trying to raise will require your response in writing. For instance: the ratio of Reserve to Regular. Those are areas that are of great concern.

In recent statements, from former Assistance Secretary for Reserve Affairs James Webb, and former Chief of Staff of the Army Shy Meyer, they warned that the Army's transfer of a large portion of its combat support and combat service support missions to the Guard and Reserve could lead to a critical shortage of support forces if war broke out.

We could go into a whole discussion on that.

COMBAT SUPPORT AND COMBAT SERVICE SUPPORT

General Elton, the one issue I wanted to get into concerns the reports that indicate the combat support and combat service support units in the Reserve components that are not as ready as they should be. We have had some reports of the percentages that are extremely low in readiness in those areas, and we will want to ask questions regarding that issue.

SERVICE END-STRENGTH REQUESTS

Service end-strength requests. We are concerned and have got an uneasy feeling that maybe the total force policy is less a reality than indicated to us when reviewing the actual figures.

I also wanted to cover full-time manning, and extract opinions on that. We took a stand on this issue a year or so ago which caused a great deal of heartburn among some of the Reserve and National Guard units. In that case we would want to get into those areas next time around.

CIVILIAN TO MILITARY RATIO IN DOD

Also, the ratio of civilian to military in the Department of Defense. We have exceeded some of those civilian end-strengths considerably. In 1985, the first year the restriction was lifted, DOD did a very poor job in meeting its self-established management goals. Last year, DOD exceeded its own end-strength goal by 41,256 people and by $800 million. Last year in 1985 you were much closer to your target in numbers of personnel and dollars. We want to get a description of those numbers.

[The information follows:]

Civilian Manpower Levels

The table below compares actual with planned civilian employment on September 30, 1986, in the Military Departments and Defense Agencies.

CIVILIAN EMPLOYMENT, DEPARTMENT OF DEFENSE, END OF FISCAL YEAR 1986

	Planned	Actual	Difference	Percent
Army	$412,478	$413,000	$522	0.1
Navy	340,761	342,111	1,350	.4
Air Force	261,740	263,248	1,508	.6
Defense agencies	95,225	93,962	−1,263	−1.3
Total	1,110,204	1,112,321	2,117	.2

The Navy and Air Force actually employed fewer than budgeted in activities funded out of operation and maintenance accounts. The two Military Departments exceeded their overall target due to the hiring of about 2,300 and 3,700 civilians above plans, respectively, in order to handle industrial fund workloads. The Army ended fiscal year 1986 within a few hundred of its employment target.

DOD also spent close to what had been budgeted for civilian employment. Actual obligations exceeded budget targets by 1.7 percent. This reflects the fact that DOD began fiscal year 1986 significantly over its employment goal and reduced its work force throughout the year. At the end of the first quarter of fiscal year 1986, the Department exceeded its end-of-fiscal-year employment goal by 2.8 percent. This fell to 2.3 and 1.6 percent at the end of the second and third quarters, respectively. Also, the Army had underestimated their cost per work in fiscal year 1986. This estimating error was corrected in the fiscal year 1988/fiscal year 1989 budget submission.

The table below presents actual and planned obligations for civilian manpower during fiscal year 1986.

OBLIGATIONS FOR CIVILIAN EMPLOYMENT, DEPARTMENT OF DEFENSE, FISCAL YEAR 1986

[Dollar amounts in millions]

	Planned	Actual	Difference	Percent
Army	$10,424.4	$10,661.7	$237.3	2.3
Navy	10,301.0	10,490.0	189.0	1.8
Air Force	7,313.8	7,421.5	107.7	1.5
Defense agencies	2,855.8	2,848.6	−7.2	−.2
Total	30,894.9	31,421.8	526.9	1.7

CONTRACTING OUT

Senator GLENN. Contracting out is another area.

One specific area I will get into right now because it deals with the officers before me, is the frocking policy. For those in the room, that is the policy of making promotions not to take pay along with it, but just to fill a certain billet. We have seen that practice increasing.

There is a statutory ceiling on the number of general and flag officers in DOD of 1,073, but I understand last year, after considerable discussion a policy was announced that would allow services to frock an additional 95 colonels and Navy captains to one-star rank. That would take us to 1,168 general and flag officers. I do not know what the rationale for those 95 was. What is the policy on frocking?

Mr. Cox. Sir, to answer your question, the policy that we have adopted, we consider to be a limiting policy, not an expanding one. I guess it depends on whether you look at the glass as half full or half empty. At the time Senator Nunn asked us in my confirmation hearings to look into this issue, I think there was something like 130 flag officers that were frocked. We tried our best to develop a rationale for using the Secretary's authority (which I think the committee has agreed is an important authority for him to have in terms of managing the force), but placing some limitations on it so that it would be done in a consistent basis, and under some sort of reasonable criteria.

We have developed a directive which has been totally coordinated. It has not been signed by the Secretary yet, but it is in his office. It does limit the frocking to certain specific situations. The officer has to first of all be selected for promotion. He has to be confirmed by the Senate, and then he has to be either in, or ordered to, a job demanding the higher rank.

Then, in addition to those criteria, the total frocking of the services, any of the services, cannot exceed 3 percent of the total officers in that grade.

Senator GLENN. Are those ever command units? Combat functions that are frocked?

Mr. COX. Oh, yes, sir. Absolutely. That is where it is most often used.

Senator GLENN. Assigning people to combat units?

Mr. COX. This is in all kinds of units, but where you have a position which requires an officer of the senior rank, if the officer going to that rank has been selected and confirmed and the service has not exceeded its 3 percent limit, then he can wear that additional rank. For example, if he is being assigned to be a commanding officer of a regiment and he is an 05, he can wear that 06 rank.

Senator GLENN. I would want to look into that, because it had been my impression—and we had figures to back it up—that the majority of the frocking assignments were not to combat units. They were to Joint Staffs, and areas where it was only for appearance sake. Because you did not want another service to exceed your officer in rank, so you frocked someone so that his rank could not be exceeded, and all this sort of mishmash.

Mr. COX. Sir, frankly when we got into it about 2 years ago, there was some abuse of it, and we have tried to control it, and I think our policy is a very prudent one.

Senator GLENN. All right, good.

Senator Symms, do you have any questions?

Senator SYMMS. Mr. Chairman, I just want to ask one question. I hope I do not open up something here that takes a long answer. I would really like to ask the question more to the uniformed generals that are there than to the Secretary, because I know the President has a position on this. So I am asking this as a personal opinion, not as a policy opinion.

DRAFT LEGISLATION

General, Senator Hollings has long sponsored legislation which simply would give the President the authority to draft people if necessary for the uniformed services. I happen to think that is a good idea philosophically. We would have a stronger foreign policy if our allies as well as our adversaries knew that we had the authority to draft troops if we need to.

As a career military officer, do you personally think that is a good idea to pass that legislation?

General HICKEY. I have to be very truthful. I have not read Senator Hollings' proposal.

Senator SYMMS. It very simply just gives the President authority to conscript troops if necessary.

General HICKEY. It would seem to me, in my military judgment, that if it made it able for the President and for this country to respond faster to a conflict, or a potential conflict, then it would be a worthwhile thing to have.

Senator SYMMS. They could do it anytime, if there was shortage of certain kinds of people he could draft a few of them.

General HICKEY. If it became that flexible in its use, then I would have more trouble with that, because I think that the majority——

Senator SYMMS. Such as doctors.

General HICKEY [continuing]. The majority of our All Volunteer Force has taken a good deal of effort to build and to put into place. What we have found is that it is a very worthwhile process, and a very worthwhile method to fix that. So if it did not have some very tight constraints tied to national security, then I do not think I would support it, no, sir.

Senator SYMMS. General.

Senator, I believe at the present time that we do not need a draft. We definitely do not need the kind of draft we left in the 1970s. If anything comes back, it needs to get fixed.

The third thing, however, is that I would certainly think it would be worthwhile to have additional requirements for registration, such as perhaps the conduct of the ASVAB and the classification, the medical classification, that sort of business, which would as Tom mentioned just get us more ready to move in the case of mobilization.

Senator SYMMS. Admiral.

Admiral CARLSON. I think I would view philosophically that a draft is of value, and I certainly would hope the President would have the authority to do that if need be. As the Chief of Naval Personnel, I find, the Navy does, that with the All Volunteer Force we get people who have volunteered. So you have the people who are better motivated. They want to be there. Whereas, if you draft somebody, that person says, "I do not want to be here, and the sooner I can get out the better, and no, I am not going to pick that up." You know, you get a better quality workforce in the All Volunteer Force than you are going to get when you go to the draft. Now that is in peacetime.

If we are talking about doing our national duty in time of war and conflict, certainly we are going to have to have a draft.

The All Volunteer Force works. The quality is good, the sailors are happy, and we like it like it is.

Senator SYMMS. General.

General CHEATHAM. I share the same feeling as the Admiral does, sir. I do not see a requirement now. In time of war, naturally there would be. But we would have to draft differently than we did during Vietnam. We need a fair draft. I think as a social concept it is a good idea for the country. We do not need it now, and I do not believe it is ever going to save us any money, either, sir.

Senator SYMMS. Thank you.

Thank you, Mr. Chairman.

Senator GLENN. Thank you very much.

I hate to end this panel at this time. We were just discussing at the staff level that we may want to have another hearing on these issues. The areas that I mentioned are just too important to be dropped.

We are going to ask you to respond in writing to these questions, and I would hope you can respond as promptly as possible. We will then decide whether we want to have another hearing with the same witnesses. We have not even begun to get into some of these other areas that I mentioned briefly, and they too are important. They are so important that I do not want to let them go. I also do not want this subcommittee to become a permanent subcommittee meeting daily, but these are very, very important matters we are discussing and we should iron them out.

If I am wrong in some areas, I will admit it. If you are wrong in some areas, let us work these things out. Our staffs can be in touch, and so on, and we will decide whether we will do this by staff consultation, or we have more hearings to flesh these matters out. I am sorry we were not able to get into more of these issues.

I promised Senator Exon that I would ask one last question for him, and I would ask each one of you just to make a summary statement, if you have anything you wanted to comment on that is burning your soul this morning before we dismiss this panel and get onto the next one.

PERMANENT CHANGE OF STATION TRANSFERS

Senator Exon wanted me to ask this on his behalf. It deals with transfers, permanent change of station transfers. In the fiscal 1987 budget the services received considerably less money for PCS transfers than they requested. General Hickey, I believe, has a PCS funding shortfall of about $95 million.

Would each of the service manpower chiefs comment on the PCS funding situation for your particular service? Why is this funding important? What happens if it is significantly cut again?

I ask that on behalf of Senator Exon. Who would like to start? General Hickey, would you start and continue across the table?

General HICKEY. Yes, sir. I failed to understand. Did you want that answer for the record? Or did you want a comment right now?

Senator GLENN. Just comment right now and if you can, keep it brief so that we can get to the next panel.

General HICKEY. It has been a very serious year for PCS funding for the United States Air Force. We have had to do everything that we could think of in terms of voluntary programs to extend people, or to entice them to extend overseas, and to essentially freeze them in place in the continental United States.

We have gone to a process of undermanning judged, and deliberate undermanning, to about 90 percent levels in the United States Air Force in the continental United States, and we will endure reduced manning overseas as some people come back and we fail to replace them.

What that all means, Senator, in its simplest terms is I can end up today in the United States Air Force with a fully qualified technician at a base where he is overmanned, and I can have a valid position for his talents at another base that is undermanned, and I do not have the money to move him right now. So we are saving PCS money, but we are not effectively managing the force in that kind of an environment.

I would submit to you the numbers that we are sending next year. We asked for $955 million respectively in the Air Force in 1987. We got $814 or $824 million, depending on how you want to run the accounting process. We are asking for $866 million in 1988. The $866 million with all of the savings things that we are doing right now in 1987, I think we can get through 1988. But it is worrisome in that we have sent you a budget that does not have any fat in it, for sure, this coming year.

Senator GLENN. Staff has just informed me that there will be a supplemental addressing this, but under the Budget Act we must have an offset for every transfer we make, apparently, to increase this funding.

General HICKEY. There would have to be an offset. We did not intend to have a supplemental on PCS, per se, this year. I think the supplemental issue has to do with overseas station allowances because of the devaluation of the dollar. That is about $147 million. And you are exactly right. We are scrambling right now. If that supplemental which is before the Congress does not get entertained, then we would be back and forced to do a reprogramming where we would have to find offsets, and we would be in a very difficult shape, because there are no offsets in the MPA. I would have to find that in other accounts in the Air Force right now.

Senator GLENN. And another thing, just for your information, I plan to possibly hold a hearing later in the year on this difference between what a military individual receives on a transfer compared to his civilian counterpart in other governmental branches. I came upon some figures regarding this last year. Mr. Lyles developed some figures last year that were absolutely startling to me. I had not realized there was such a huge disparity.

I do not have any illusions that we will be able to include that in the budget this year, but I think it is good to have hearings and start building an awareness of what these differences are. Military people, to me, are certainly not second-class citizens. If we have certain requirements on transfers that deal effectively and fairly with family life and school changes and advance visits back and forth such as the civil service provides for their people being transferred; then I see no reason, to treat one class of Americans any less fairly than any another class of Americans who are also in the military.

General HICKEY. My troops could surely use that.

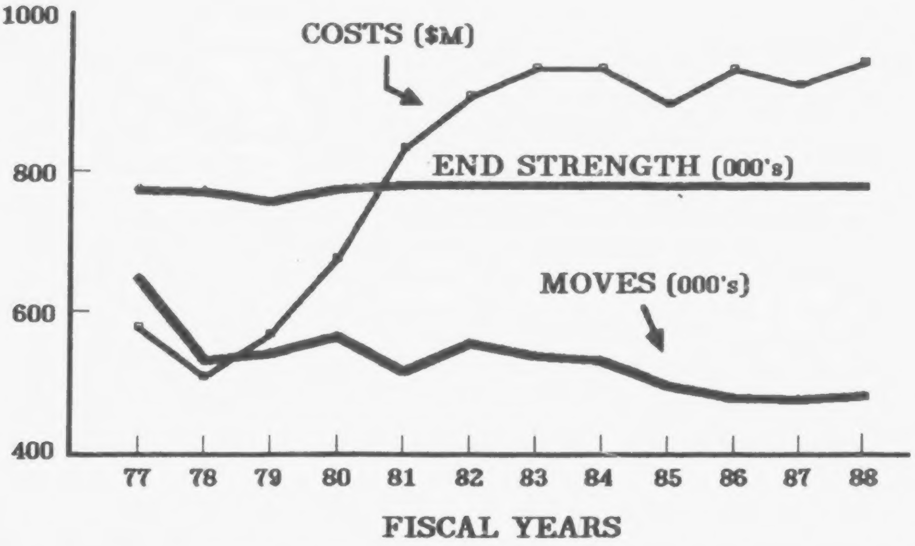
Senator GLENN. But when we ran out figures, if we just gave the military personnel the same transfer considerations, I do not recall how many additional billion it would require, something close to $8 billion to give the military just an increase over what the military gets now on permanent change of station, and consideration regarding where they can stay temporarily when they arrive, advance visits, and a whole host of other things.

Now the military should not be treated as second class citizens. With my background, I am particularly sensitive to that, because I went through a lot—we lost money every time we were ever transferred—everybody usually does. In that case we are going to address hearings on that and see what is fair, sometime in the near future.

Anyway, it seems that I am the one delaying us on time. Please, go ahead and be as rapid as you can.

General Elton. Senator, all your points are right on. I would like to show you one chart here which typifies the Army's situation. We find ourself owing a boggy of about twice as much as the Air Force. So we have had to in fact extend some tours overseas. But as you look at the history of our moves, you see in fact that we have pretty much followed the will of Congress, which is to cut down on the total number of moves.

PCS MOVES & COSTS AND END STRENGTH



But 43 percent of the Army is overseas, so we are going to move. With a constant end strength, that indicates that we are bringing total numbers in and separating numbers that are reasonably firm. But that shows a 16 percent decrease in the total number of moves, but a 31 percent increase in the cost. The increase in the costs I think are what are catching the Congress' eye more than the moves, because the cost of transporting people and goods has gone up.

And then very, very properly as you have mentioned, you have tried and have been successful in increasing our entitlements. Soldiers are now reimbursed for more of their out-of-pocket expenses, and I can tell you that they have commented favorably on that many times. You have increased the household goods' allowance for junior enlisted. The lodging entitlement, again for junior enlisted and their dependent travel, but still I must tell you that the Army emergency relief grants and loans this last year increased by $7 million to $30 million and the primary reason was for rent, the first rental, putting the deposit down subsequent to a PCS move which they had to take money out of their pocket.

They still are not, as you are well aware, up to speed in that. But again, I think we are right at the brink of a very, very intense program in the Army. We are hoping to be able to work ourselves out of kind of a bow wave into fiscal 1988, and I would ask that the committee please not give us any additional requirements for constraints on PCS and let us work ourselves into that program so that we can do it in a way that enhances readiness.

Senator GLENN. OK. Good. Admiral Carlson.

Admiral CARLSON. We have forecasted 313,000 moves in 1987; 200,000 of those are separations and accessions. So the bulk of our moves are unavoidable moves, moves we have to make. And of course when we have overseas places where we have people without dependents, such as Diego Garcia, we cannot extend people there. We have to bring them home after the 1-year unaccompanied tour.

Our average tour length is 48 months. That is where we are at now. We do enjoy some homesteading in rotating people from sea to shore in the same locale, but we have to be careful and not let the dollars manage our force, rather than the right mix of talent to billet. That is what we start being driven to when we have PCS funds starting to be constrained.

We think we are managing it responsibly and getting the best return on the dollar in the PCS world.

General CHEATHAM. Sixty-three percent of the permanent change of station orders in the Marine Corps are for bringing people in, sending them to school, and letting them get out. That leaves me 37 percent of the PCS budget to work with. Eighteen percent of the Marine Corps is overseas. Repeating the Admiral, I have to bring them home. So what I am essentially getting down to is that I had a bow wave last year of some 4,000 people I should have moved—and the Marine Corps is not that big that I could not move. That bow wave would have increased to something in excess of 7,000 this year without the help of Congress.

Senator GLENN. Will that continue the same trend in the outyears unless we get some PCS money?

General CHEATHAM. Unless we get some relief within the Marine Corps—that is, unless this year's request is kept intact--we will have a very, very serious problem.

Senator GLENN. Well, thank you. It is serious.

Do you have a brief statement or a concluding remark any of you want to make? Let us start in reverse order.

General.

General CHEATHAM. I would just like to finish with PCS, if I may. The Marine Corps started 10 years back a Unit Deployment Program. We send units in their entirety overseas for 6 months at a time and then bring them home. This program has saved us almost 14,000 PCS moves annually. In the last couple of years, we have turned almost 3,000, I think it is 2,842 1-year overseas' unaccompanied tours into 3-year accompanied tours. We are doing everything we can to bring PCS costs down.

Senator GLENN. What percent are accompanied tours, do you know? The Marine Corps has always been light on accompanied tours. Are you still light on that area?

General CHEATHAM. Well, we have increased it to around 2,800 and practically all of them were in Japan. I cannot give the exact figure right now, Senator Glenn, but I will provide it.

[The information follows:]

The number of moves that have been converted from unaccompanied to accompanied is 2,842. Right now nearly 12 percent of our tours in Japan have been converted to accompanied; however, more than 10 percent of the Marine Corps is still serving overseas in unaccompanied tours.

Senator GLENN. That used to be a particular irritant in the Marine Corps as compared to the others.

Admiral CARLSON. Yes, sir. I think the Navy would like to ask for continued support of the end strength growth we need to man the ships and aircraft coming on line. We have asked for 6,200 this year. It is people we need. It is all tooth. It is very little tail. Again we need it to man the ships that are coming on line.

As you know, we are continually being asked to go places throughout the world to represent our country, to influence the local situation, and we do that with our ships and our aircraft. We need people to man them. We also need the pay raise which is a part of the budget. That is also very important.

We are always asked, what do you want, do you want a pay raise or end strength growth? We would like to have both. If you delay the pay raise 1 month, you pay for all the end strength growth. So it does not have to be one or the other. It can be both, with proper management.

Thank you, sir.

Senator GLENN. General Elton.

General ELTON. Senator, as you know——

Senator GLENN. We will save Mr. Cox for wrapup. Go ahead.

General ELTON. As you know, right now the PCS accounts have a cap. We would hope that if we get into some severe difficulties and are asked to be able to reprogram some money into that account even though it is hard to come by any money these days, that we are able to do that, rather than be extremely perjurative to our soldiers overseas.

The reason I say that is that for the first time in 2 or 3 years we are noticing now, based upon the squeeze on PCSs and the changes of other kinds of entitlements, and the thought that we might have to do some kind of contracting with commissaries or do some medical testing for a $10 fee, or something like this, we find that the reenlistment rate in the Army is beginning to drop off a little bit from its objectives. It is doing this in the mid-career area, and we are concerned about this.

People are extending their tours. They are not walking out. They are not getting out. They are extending their tours, but that is not a commitment to reenlist. We are getting a little bit concerned about that. So I would ask if perhaps we might get the cap off so at least we could be flexible.

Senator GLENN. General Hickey.

General HICKEY. Sir, in just a moment I would just say that retention is probably the unique factor with the United States Air Force versus the other services in that we really rely on it in terms of maintaining the experience levels and getting the training investment payback we do for the technological kinds of folks that we have.

The issues that this committee has addressed this morning are really critical to us in the United States Air Force. We look forward to your support, and we will do everything we can to help you get the kinds of information and the kinds of decisionmaking tools that will help you make the best possible decisions, and we thank you for the opportunity to do that.

Senator GLENN. Thank you. And thank you gentlemen for being here.

Mr. Cox.

Mr. COX. Mr. Chairman, I do not have anything further substantively to say. I would like to thank you, sir, for the opportunity to appear this morning, and for the committee's strong support in the past, and to commit, as General Hickey has, to work with you and your staff as we go through this budget process.

Senator GLENN. Just let me say that the nature of these hearings is that we are trying to ferret out things where things are wrong. I guess we are in some respects like newspaper reporters in that regard—and is an analogy I had not thought of and I do not like—but we are trying to ferret out things where we can help, and do some good. We are all trying to get to the same end. We are trying to make the most efficient combat ready—combat ready—forces we can. Unless it is combat ready, it does not mean a thing. It does not do any good on paper. It does not do any good if it cannot move. It does not do any good if it does not have the O&M. It does not do any good if it does not have the ammo accounts out there ready to go. That is what I keep stressing in this committee.

Whatever we do, it has got to add to combat effectiveness. It cannot be just for peacetime dressery of one kind or another. So that is the basic tenet that we are following.

And I appreciate your willingness to come before us.

We may want to have another hearing so we can really discuss some of these other matters I mentioned earlier. They are all important and we could literally have hearings on each one of them. But thank you for being here, and we will go on to our second panel now.

Thank you, much.

Would the second panel take their place?

Senator GLENN. Mr. Shaw, we have about 25 minutes to one-half hour. All we will be able to do is summarize things here this morning. I think we will undoubtedly have a second session with your group. I am sorry I let this go on this long.

This morning we had an exceptional attendance of members, so that our questioning went on a little longer than we anticipated. We will figure to go another 25 to 30 minutes here.

Steven, can you stay?

Senator SYMMS. I have a meeting, Mr. Chairman. I can stay about 10 minutes.

Senator GLENN. We have both Democratic and Republican caucuses that meet at 12 o'clock, and we are all supposed to actually be there by about 12:30, but I will just be late for that one today.

Mr. Shaw, if you could summarize your statement. It will be included in its entirety in the record, and gentlemen, I am certain that with your group, in particular, we are going to possibly have another hearing to address some of these matters in detail. Sorry you have in effect wasted a morning here with us, but maybe it was of interest to you anyway, illuminating in some respects.

Mr. Shaw, go ahead with your summary.

STATEMENT OF DENNIS R. SHAW, PRINCIPAL DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR RESERVE AFFAIRS, ACCOMPANIED BY LT. GEN. HERBERT R. TEMPLE, JR., CHIEF, NATIONAL GUARD BUREAU; BRIG. GEN. RICHARD DEAN, ARNGUS, ACTING DIRECTOR, NATIONAL GUARD BUREAU; MAJ. GEN. WILLIAM F. WARD, JR., USAR, CHIEF, OFFICE OF RESERVE; VICE ADM. CECIL KEMPF, USN, DIRECTOR OF NAVAL RESERVE; MAJ. GEN. JOHN B. CONAWAY, ANG, DIRECTOR, AIR NATIONAL GUARD; MAJ. GEN. ROGER SCHEER, USAFR, CHIEF OF AIR FORCE RESERVE; MAJ. GEN. JOHN SALESSES, USMC, DEPUTY CHIEF OF STAFF FOR RESERVE AFFAIRS; AND REAR ADM. ALAN D. BREED, USCG, CHIEF, OFFICE OF READINESS AND RESERVE

Mr. SHAW. Thank you Mr. Chairman. I will be brief in my summary. I know this committee is well aware of the fact the Nation has increasingly staked its security on its ability to mobilize, deploy and employ combat Ready Reserve component units and members anywhere in the world rapidly.

Today, many of our military contingency plans, as you know, cannot be effectively executed without committing some or many National Guard and Reserve forces in the same timeframe that we do our Active Forces.

For example, the Reserve components were available and used in Lebanon, Grenada, and most recently in the retaliatory operation in Libya. Such reliance on the Reserve components requires that the selected Reserve is manned at a level closely approaching wartime requirements.

This has been one of our primary goals in the last few years. Currently we have the largest selected Reserve in modern history, more than 1,130,000 members. The selected Reserve's strength is authorized to grow by 27,000 members this year, and we are requesting an increase of 33,000 in fiscal year 1988, and another 23,000 in fiscal year 1989.

Growth in the full-time support force is included in these figures, 7,000 members in fiscal year 1988, and 5,000 in fiscal year 1989. While the full-time support force is increasing, it is increasing at a decreasing rate. In fact, our request for additional full-time support personnel for fiscal year 1988 is below the increase authorized by the Congress in fiscal year 1987.

Growth in the selected Reserve is needed for two reasons. It is to continue our effort to reach our overall trained unit strength goal of 90 percent of wartime requirements. And it is also to meet the most critical manpower demands of new and expanded missions for the reserve components which I have discussed in great detail in my prepared statement.

I am pleased to report to the committee that the quality of the selected Reserve accessions and recruits continues to increase. Eighty-nine percent of all fiscal year 1986 enlistees were high school graduates, that is 1 percent higher than it was in fiscal year 1985. And 91 percent scored average or above, that is categories one through three, on the Armed Forces qualification test. Again, another 1 percent increase over fiscal year 1985.

I am also pleased to report that the services are progressing well with the Individual Ready Reserve screening program. In fiscal year 1987, the Department implemented a new requirement for all IRR personnel to perform at least 1 day of active duty each year, to ensure their availability and readiness in the event of a national emergency.

By the end of this fiscal year, more than 300,000 Individual Ready Reserve members will have been ordered to 1 day of active duty for the purpose of validating addresses, updating personnel status and records, for checking physical condition, evaluating their military skill proficiency, and determining what refresher training needs they require.

The 450,000 members of the Individual Ready Reserve are our principal source of pre-trained manpower in the first 120 days of a mobilization. This resource is absolutely critical in that 120-day period. Consequently, there is absolutely no room for poor management of this resource. We simply must ensure the availability of these members, and we must enhance their readiness.

Now on the not so bright side, Reserve component medical personnel shortages in certain skills and MOS assignment mismatches remain one of our greatest combat readiness challenges in the manpower area. Measured against established wartime requirements, we are still short 7,100 physicians, including 3,950 general and orthopedic surgeons and 1,315 anesthesiologists. We are still short 31,000 nurses and 73,000 medical enlisted personnel.

Senator GLENN. What is your total requirement on that? Do you have that information broken down into percentages, that you are missing?

Mr. SHAW. Sir, I will provide that for the record.

Senator GLENN. What would it be just approximately? Do you have any wild figure?

Mr. SHAW. For the total medical requirement?

Senator GLENN. Yes. You mentioned the shortage of doctors and nurses. Would that be 50 percent of what you want, or would you be at 70 percent of strength or 80 or what? I do not relate your shortage figures.

Mr. SHAW. I will have to provide it for the record, but I think we are somewhere around the 65 to 75 percentile.

Senator GLENN. We are 75 percent manned?

Mr. SHAW. Yes.

[The information follows:]

WARTIME MEDICAL REQUIREMENTS

Based on fiscal year 1986 data, the chart below depicts our established wartime medical requirement fill rates and shortfall.

WARTIME CRITICAL MEDICAL SKILL SHORTAGES

Skill	Percent fill rate	Percent short
Physicians	77	23
General surgeons	44	56
Orthopedic surgeons	28	72
Anesthesiologists	33	67
Nurses	47	53
Enlisted	71	29
Total physicians, nurses, enlisted	65	35

The total overall shortfall for the above skills is 35 percent of wartime requirements.

Mr. SHAW. Now in order to be able to deal with this longstanding problem, the Department has developed and resourced a 5-year plan. The successful execution of this plan will, we believe, significantly reduce medical personnel shortfalls.

On the equipment side, the Department is beginning to field the Deployable Medical Equipment Sets, or what we call DEPMEDS in fiscal year 1987. However, the Congress cut $132 million in DEPMEDS funding last year and the program will not be completed now until after 1993.

I said I would be brief, Mr. Chairman, so permit me to close by saying that we appreciate this committee's support of the National Guard and Reserve forces, and without that support, these forces would not be as thoroughly integrated with the Active Forces as they are today in our national deterrence strategy, in our military training activities and exercises, in our peacetime operational missions, and our warfighting capability.

We have made enormous strides with the help of the Congress, but we know that more needs to be done and that is why we ask for our support. Thank you Mr. Chairman.

[The prepared statements of Mr. Shaw, Lieutenent General Temple, Brigadier General Dean, Major General Ward, Vice Admiral Kempf, Major General Conaway, Major General Scheer, Major General Salesses, and Rear Admiral Breed follow:]

PREPARED STATEMENT OF DENNIS SHAW
Principal Deputy Assistant Secretary of Defense
for Reserve Affairs

Mr. Chairman and members of the Subcommittee:

I appreciate the opportunity to appear before this committee to present an overview of the Department of Defense FY 1988 and FY 1989 budget request for the nation's reserve components.

To successfully execute their increasing national security responsibilities, the National Guard and Reserve forces must be provided an adequate supply of manpower, especially in early deploying units, effective and realistic training, and modern equipment. This is an operational necessity, because the reserve components never have been more thoroughly integrated with the active forces than they are today in our national deterrent strategy, training activities and exercises, peacetime operational missions, and war-fighting capability. We have made great progress in our drive to implement the Total Force Policy; but, we recognize much more remains to be done in order to make our reserve components stronger and more capable. In this regard, we need and ask for your support for the National Guard and Reserve programs we have presented in our first two year budget, in order to continue our progress and maintain the high priority we have placed on readiness.

FY 1988/FY 1989 Budget Request

The specific estimates in the Reserve Components Budget Request are as follows:

Appropriation Summary

The Total Obligation Authority (TOA) for each of the reserve components is depicted in Table 1.

Table 1
TOA, $ in Millions

	FY 1986 Actual	FY 1987 Estimate	FY 1988 Estimate	FY 1989 Estimate
Army National Guard				
MILPAY	3,161.7	3,075.3	3,217.7	3,269.1
O&M	1,566.3	1,759.3	1,862.1	2,055.0
MILCON	97.2	140.9	170.4	161.1
TOTAL	4,825.2	4.975.5	5.250.2	5,485.2
Army Reserve				
MILPAY	2,149.1	2,117.4	2,278.5	2,363.6
O&M	740.9	780.1	879.1	958.2
MILCON	58.3	86.7	95.1	108.0
TOTAL	2,948.3	2,984.2	3,252.7	3,429.8
Naval Reserve				
MILPAY	1,329.3	1,397.0	1,516.1	1,571.2
O&M	827.9	886.8	957.1	1,036.8
MILCON	39.7	44.5	73.7	56.9
TOTAL	2,196.9	2,328.3	2,546.9	2,664.9
Marine Corps Reserve				
MILPAY	283.0	278.3	294.7	302.6
O&M	54.4	64.2	71.4	85.2
* MILCON	-0-	-0-	-0-	-0-
TOTAL	337.4	342.5	366.1	387.8
Air National Guard				
MILPAY	974.3	948.6	980.0	980.0
O&M	1,723.3	1,795.5	1,973.0	2,030.9
MILCON	115.3	148.9	160.8	137.0
TOTAL	2,812.9	2,893.0	3,113.8	3,147.9
Air Force Reserve				
MILPAY	602.7	564.6	614.7	616.5
O&M	857.3	932.5	1,018.2	1,070.4
MILCON	59.9	58.9	79.3	59.3
TOTAL	1,519.9	1,556.0	1,712.2	1,746.2
Total DoD				
MILPAY	8,500.2	8,381.3	8,901.7	9,103.0
O&M	5,770.2	6,218.3	6,761.0	7,236.5
MILCON	370.5	479.9	579.3	522.3
TOTAL	14,640.9	15,079.5	16,242.0	16,861.8

* Military construction for the Marine Corps Reserve is included in Naval Reserve figures.

Table 2
Analysis of Reserve Component Growth

FY 1980 - FY 1988
TOA ($ Millions)

Reserve Component Budget	FY 1980	FY 1988	Increase FY88vs80	% FY88vs80
Current Dollars				
Military Personnel	2,457	7,278	4,821	296%
Retirement Accrual	-	1,624	1,624	100%
Operation/Maintenance	3,526	6,761	3,235	192%
Procurement	1,458	2,191	733	150%
Military Construction	120	579	459	483%
Total with Accrual	7,561	18,433	10,872	244%
Total without Accrual	7,561	16,809	9,248	222%
Constant Dollars				
Military Personnel	3,987	7,278	3,291	183%
Retirement Accrual	-	1,624	1,624	100%
Operation/Maintenance	4,760	6,761	2,001	142%
Procurement	2,081	2,191	110	105%
Military Construction	163	579	416	355%
Total with Accrual	10,991	18,433	7,442	168%
Total without Accrual	10,991	16,809	5,818	153%

Reserve Component End Strength

Manpower (In Thousands)

Selected Reserve	869	1,190	321	137%
AGR Included	23	74	51	322%

Selected Reserve Personnel Strength

Under the Total Force Policy, we have increasingly staked our national security on the ability to mobilize, deploy, and employ combat ready reserve component units and members anywhere in the world rapidly. Today, many military contingency plans cannot be effectively executed without committing some or many National Guard and Reserve forces in the same time frame as active forces. For example, the reserve components were available and used in Lebanon, Grenada, and most recently in the retaliatory operation against Libya. Such reliance on the reserve components requires that units of the Selected Reserve are manned at a level closely approaching wartime requirements. This has been one of our primary goals in recent years. Table 3 displays the aggregate growth in the Selected Reserve since FY 1980.

Table 3
Selected Reserve End Strength
Manpower (In Thousands)

	FY 1980	FY 1987	Increase	(%) Increase
Selected Reserve	869	1,157	288	33%
AGR (Included in Above)	23	69	47	204%

We have requested Selected Reserve strength* increases of more than 32,000 in FY 1988 and 23,000 in FY 1989. These increases are needed to meet the most critical manpower demands of both new and expanded reserve component missions, which I will address later in this statement under the heading "Guard and Reserve Accomplishments."

We have requested an increase in Selected Reserve manpower end strength of 6,000 in both FY 1988 and FY 1989 for the Army National Guard, and 11,000 in FY 1988 and 9,000 in FY 1989 for the Army Reserve. Primarily, these increases will continue the effort to reach our trained unit strength goal of 90% of the wartime requirement. Force structure increases and equipment modernization programs, particularly in the aviation arena, also are included in our request. For example, nearly 8,000 personnel and more than 700 aircraft will be added to the Reserve aviation structure, including two new attack helicopter battalions equipped with AH-1S (Cobra) helicopters in FY 1988 and four attack helicopter battalions in FY 1989.

We have requested a Selected Reserve end strength increase of 3,000 in FY 1988 and 1,000 in FY 1989 for the Air National

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* Selected Reserve strength is the most commonly used measure of reserve component manpower. However, there are a number of other manpower categories. In order to assist the reader in understanding the various categories of reserve manpower and their relationship to mobilization requirements, a brief discussion paper has been appended to this statement.

Guard and an increase of approximately 3,700 in FY 1988 and 2,200 in FY 1989 for the Air Force Reserve. These increases will permit force modernization and provide enhanced wartime capability. The Air Reserve Forces will receive additional C-5 and C-141 strategic airlift aircraft and new C-130H tactical airlift aircraft. The Air Reserve Forces will expand their role in Special Operations Forces in FY 1988, activating an Air Force Reserve unit at Davis-Monthan Air Force Base.

To meet the increased wartime manning requirements of the Naval Reserve, we have requested a Selected Reserve end strength increase of 7,900 in FY 1988 and 4,300 in FY 1989. The Fleet Hospital Program is one of the fastest growing programs in the Naval Reserve. Fleet Hospitals are self contained, modular, rapidly deployable medical facilities that provide comprehensive care for fleet and Marine forces engaged in combat operations. Eventually, more than half the units in the Fleet Hospital Program will be manned by Naval reservists. The Naval Reserve's Craft of Opportunity (COOP) program will grow from nine craft to twenty-two craft by FY 1989. The objective of the Naval Reserve's COOP program is to enhance the Navy's mine countermeasures capability through the use of Navy patrol craft and converted civilian vessels and counter the mining threat to major U.S. military and commercial ports. The surface reserve frigate program began in 1982, with the transfer of four KNOX Class frigates to the Naval Reserve. By the end of FY 1987, the Naval Reserve will operate seven KNOX Class and twelve gas turbine powered PERRY Class frigates. Four more PERRY Class and one more KNOX Class frigates will be added during FY 1988, for a total of 24 frigates in the ambitious program to assign 26 modern frigates to the Naval Reserve by 1990.

We have requested a Selected Reserve end strength increase of approximately 900 in FY 1988 and 800 in FY 1989 for the Marine Corps Reserve in order to meet requirements generated by additional unit activations and increased ground combat and support capability. The 4th Marine Aircraft Wing will activate a second KC-130T squadron and a second AH-1J squadron in FY 1988. In addition, the Medical Logistics Company of the 4th Supply

Battalion, 4th Dental Battalion, and the remainder of the 4th Medical Battalion will be activated in the FY 1987/1988 time frame.

Despite the initial training requirements associated with these total strength increases plus the normal personnel losses, our trained strength in units (i.e., strength stated in terms of unit members who have completed initial training) will improve, as shown in Table 4. However, the rate of progress will be affected by the continuing growth of the wartime requirements associated with increased reserve component missions.

Table 4
Trained Manning In Units Against Wartime Requirements
(Thousands)

	FY 1985 Actual	FY 1986 Actual	FY 1987 Estimate	FY 1988 Estimate	FY 1989 Estimate
Wartime Requirements in Units	1110.0	1136.1	1165.4	1185.5	1208.3
Total Trained Personnel in Units	956.0	990.8	1030.0	1055.7	1071.0
Percent Trained in Units	85.9	87.1	88.3	89.0	88.5

Table 5 depicts the Selected Reserve strength profile by Reserve component.

Table 5
Selected Reserve End Strength
(Thousands)

	FY 1980 Actual	*FY 1985 Actual	FY 1986 Actual	FY 1987 Estimate	FY 1988 Request	FY 1989 Request
Army National Guard	366.6	440.0	446.2	452.7	458.8	464.9
Army Reserve	213.2	292.1	309.7	319.4	330.4	339.1
Naval Reserve	97.2	129.8	141.5	149.5	157.4	161.7
Marine Corps Reserve	35.7	41.6	41.6	42.8	43.7	44.5
Air National Guard	96.3	109.4	112.6	113.4	116.7	117.1
Air Force Reserve	59.8	75.2	78.5	79.6	83.3	85.5
DoD Total **	868.7	1,088.1	1,130.1	1,157.3	1,190.3	1,213.4

* For consistency, FY 1980 strengths have been adjusted to include Navy Training and Administration of Reserves (TARs) and Category "D" Individual Mobilization Augmentees (IMAs).

** Numbers may not add due to rounding.

Full-Time Support Personnel

Full-time support personnel perform the management, administration, training, equipment maintenance, and similar essential tasks associated with the increased readiness levels achieved by National Guard and Reserve units. Full-time personnel include Active Guard and Reserve (AGR) members (who are counted as part of the Selected Reserve), military technicians (civilian employees who are also members of the Selected Reserve and who mobilize with their unit), active force members (who provide full-time interface and support but are counted in active force end strengths), and Department of Defense civilians (who provide full-time support in a strictly civilian capacity and do not mobilize with their unit).

From FY 1980 through FY 1986 AGR personnel strength increased by approximately 50,000 members. An additional increase of 5,466 was approved for FY 1987, and we have requested an increase of 4,750 for FY 1988 and 4,575 for FY 1989. We are also requesting growth in the military technician program. Tables 6-1, through 6-6, depict the current plan for our full-time support programs.

Table 6-1
Full-Time Support (End Strengths)
Active Guard and Reserve (AGR)

	FY 1985 Actual	FY 1986 Actual	FY 1987 Estimate	FY 1988 Request	FY 1989 Request
Army National Guard	21,059	23,780	25,060	26,389	27,718
Army Reserve	10,751	12,159	12,407	14,250	16,000
Naval Reserve	15,012	18,391	21,476	22,505	23,665
Marine Corps Reserve	1,134	1,478	1,745	2,015	2,425
Air National Guard	6,369	7,098	7,631	7,906	7,972
Air Force Reserve	570	612	665	669	669
Total DoD	54,895	63,518	68,984	73,734	78,449

Table 6-2
Full-Time Support (-End Strengths)
Military Technicians

	FY 1985 Actual	FY 1986 Actual	FY 1987 Estimate	FY 1988 Request	FY 1989 Request
Army National Guard*	23,769	25,292	25,211	25,517	25,979
Army Reserve	7,857	7,624	8,032	8,429	8,816
Air National Guard*	22,145	22,005	22,671	22,702	22,747
Air Force Reserve	8,064	8,348	9,190	9,830	10,023
Total DoD	61,835	63,269	65,104	66,478	67,565

* Excludes non dual-status support technicians hired under Title 32.

Table 6-3
Full-Time Support (End Strengths)
Active Component

	FY 1985 Actual	FY 1986 Actual	FY 1987 Estimate	FY 1988 Request	FY 1989 Request
Army National Guard	973	769	784	776	776
Army Reserve	1,230	1,230	1,230	1,230	1,230
Naval Reserve	5,847	5,857	6,004	5,568	5,418
Marine Corps Reserve	5,180	5,180	4,978	5,054	5,057
Air National Guard	724	719	744	687	632
Air Force Reserve	743	639	641	688	622
Total DoD	14,697	14,394	14,381	14,003	13,725

Table 6-4
Full-Time Support (End Strengths)
Civil Service

	FY 1985 Actual	FY 1986 Actual	FY 1987 Estimate	FY 1988 Request	FY 1989 Request
Army National Guard*	2,124	2,084	2,066	2,103	2,141
Army Reserve	6,496	5,411	3,762	3,695	3,727
Naval Reserve	3,081	3,102	3,212	3,204	3,194
Marine Corps Reserve	221	252	256	261	261
Air National Guard	2,474	2,496	2,573	2,533	2,503
Air Force Reserve	4,772	4,825	4,547	4,648	4,656
Total DoD	19,168	18,170	16,416	16,444	16,482

* Includes title 5 and title 32 civilian employees.

Full-Time Support (End Strengths)
(AGRs, Technicians, Active Component)

	Actual FY 1980		Actual FY 1986		Estimate FY 1987		Estimate FY 1988		Estimate FY 1989	
Army National Guard	31,291	8.5%	51,390	11.5%	52,429	11.6%	54,251	11.8%	56,081	12.1%
Army Reserve	17,396	8.2%	25,198	8.1%	25,505	8.0%	27,738	8.4%	29,875	8.8%
Naval Reserve	18,101	18.6%	25,234	17.8%	27,560	18.4%	28,018	17.8%	28,844	17.8%
Marine Corps Reserve	4,698	13.2%	6,658	16.0%	6,764	15.8%	7,072	16.2%	7,353	16.5%
Air National Guard	24,075	25.0%	30,307	26.9%	31,596	27.9%	31,845	27.3%	31,901	27.1%
Air Force Reserve	7,506	12.6%	10,052	12.8%	10,395	13.1%	11,213	13.5%	11,367	13.3%
Total DoD	103,067	11.9%	148,839	13.2%	154,249	13.3%	160,137	13.5%	165,421	13.6%

FY 1988/1989
Percent of Each Category of Full-Time Support

	AGR		MIL TECH		ACTIVE		TOTAL	
	FY 1988	FY 1989	FY 1988	FY 1989	FY 1988	FY 1989	FY 1988	FY 1989
Army National Guard	5.8%	6.0%	6.0%	6.0%	0.1%	0.1%	11.8%	12.1%
Army Reserve	4.3%	4.7%	2.6%	2.6%	1.5%	1.5%	8.4%	8.8%
Naval Reserve	14.3%	14.6%	0.0%	0.0%	3.5%	3.2%	17.8%	17.8%
Marine Corps Reserve	4.6%	5.1%	0.0%	0.0%	11.6%	11.4%	16.2%	16.5%
Air National Guard	6.8%	6.8%	19.9%	19.8%	0.6%	0.5%	27.3%	27.1%
Air Force Reserve	0.8%	0.8%	11.8%	11.8%	0.8%	0.8%	13.5%	13.3%
Total	6.2%	6.5%	5.8%	5.8%	1.4%	1.4%	13.5%	13.6%

The effectiveness of the training provided to part-time, drilling reservists is a function of the quantity and quality of the full-time support force. Therefore, our goal is to field a full-time support force of highly motivated and skilled personnel that is cost-effective and capable of producing well-trained reserve component members and units fully prepared for rapid mobilization.

Individual Ready Reserve

The Individual Ready Reserve (IRR) is our principal source of pretrained individuals needed to fill wartime manpower shortages in active and reserve units, to replace unskilled or partially skilled unit members, and to replace combat casualties during the first 120 days of a full mobilization. There is no room for poor management of this critical resource. We simply must ensure the availability of these members and enhance their readiness.

Since current law and DoD policy require the Services to continuously screen all Ready Reservists to ensure they meet wartime standards, in FY 1987 we implemented a new requirement for all IRR personnel to perform at least one day of active duty each year to accomplish mandatory annual reporting. Mandatory annual reporting will permit the evaluation of IRR skill proficiency, determination of refresher training needs, and confirmation of mobilization availability. It also will reinforce IRR members' cognizance of their legal obligation to notify their respective Service concerning changes in personal status.

Congress authorized the FY 1987 IRR reporting program but did not fund it fully. We believe annual IRR reporting is absolutely vital to the flow of augmentation and replacement manpower during combat. Therefore, we will reprogram funds in order to fully support the need to improve the readiness posture of the IRR manpower pool.

The Army, Navy and Air Force have used IRR Reenlistment Bonus Programs to reduce specific shortages in combat and other critical wartime skills. Since the last quarter of FY 1984, when these programs were first implemented, approximately 7,000 service members in combat and combat support skills have reenlisted in the IRR.

The Defense Manpower Data Center continues to supplement intensive Service efforts to locate IRR members by conducting file matches with other Federal agencies and with active duty files in an effort to maintain up-to-date location information.

The usefulness of the IRR manpower pool depends in large measure on the maintenance skill proficiency (i.e., the ability to perform wartime tasks). Consequently, the Services have been required to measure IRR skill proficiency degradation and determine the most appropriate refresher training for each occupational skill. Refresher training will commence in FY 1988.

Table 7 depicts the Individual Ready Reserve strength profile by reserve component.

Table 7
IRR Strength

COMPONENT	FY 1986 Actual	FY 1987 Estimate	FY 1988 Estimate	FY 1989 Estimate
Army National Guard (ING)	9,522	10,069	10,280	10,342
Army Reserve	300,818	344,790	363,316	380,291
Naval Reserve	73,824	80,300	85,800	101,400
Marine Corps Reserve	49,340	52,000	55,000	55,000
Air Force Reserve	48,709	49,941	48,291	50,381
Total	482,213	537,100	562,687	597,414

Reserve Component Recruiting and Retention

Since 1982, an improving civilian economy and declining eligible youth population have presented recruiting and retention challenges. In the absence of any offsetting factors, these trends might have been expected to result in a substantial decline in the number and quality of non-prior service (NPS) recruits. Instead, the number of non-prior service recruits during this period has declined only slightly. Moreover, recent incentive programs have been especially successful, increasing NPS enlistments in FY 1986 by 4,800 more than in FY 1985. Overall, we have continued to achieve our increasing total end-strength objectives.

In addition, the quality of Selected Reserve accessions continues to increase. Eighty-nine percent of all FY 1986 enlistees were high school graduates, one percent higher than in FY 1985. Ninety percent scored average or above (Categories I through III) on the Armed Forces Qualification test (AFQT), one percent higher than in FY 1985. Current Selected Reserve quality enlistment profiles are far higher than those in FY 1980, when 76 percent of all enlistees were high school graduates and 78 percent scored in AFQT Categories I through III.

Table 8
Selected Reserve Enlistments (DoD)
Quality Indicators

Quality Indicators	FY 1980 Number	FY 1980 Percent Of Total Enlistments	FY 1986 Number	FY 1986 Percent Of Total Enlistments
High School Grads*	168,500	76	222,100	89
AFQT I-III**	172,200	78	226,200	90

* Includes equivalency certificate and diploma graduates, and best available estimates of those high school students who enlisted prior to their graduation and were expected to graduate.

** AFQT Categories I-III include enlistees who scored average or above on the enlistment test.

Guard and Reserve Accomplishments

Army National Guard and Army Reserve

By the end of FY 1987, 51 percent of the Total Army's combat forces and 79 percent of its aggregate combat support and combat service support will be in the Army National Guard and the Army Reserve. As the Secretary and the Chief of Staff of the Army have pointed out, the Army's reserve components are "integrated into the Active Force to a degree unprecedented in reserve history." The "maturing professional competence" and expertise of the reserve components "fully justifies this role as an essential element of the Total Army."

As a part of the growing partnership, the Army National Guard and the Army Reserve are moving ahead aggressively with a program of modernization that will improve their combat readiness and their ability to support the missions of the Total Army.

The Army National Guard will place special emphasis on aviation force modernization. Aviation support for Army National Guard infantry divisions will be improved with the activation of divisional combat aviation brigades. Following these improvements, in subsequent years echelons above division will be strengthened when an AH-64 Attack Helicopter Battalion and five aviation headquarters will activate in the corps structure.

During FY 1988 and 1989, nearly 8,000 personnel and more than 700 aircraft will be added to the Army Reserve's aviation structure. Two new attack helicopter battalions equipped with AH-1s (Cobras), two attack helicopter regiment headquarters, and numerous other elements will be added in FY 1988 to make Army Reserve aviation forces more responsive to Total Army mobilization needs. In FY 1989, four attack helicopter battalions will be activated in the Army Reserve and aligned with four U.S. active Army Corps.

These structural enhancements to Total Army combat power are dependent upon full-time personnel to provide the training, logistical, and maintenance support required in aviation missions. Without an adequate level of full-time support, economical reserve component alternatives to expansion of the active Army are not feasible.

Modernization will continue for the Army National Guard, whose inventory will include 815 Bradley Fighting Vehicles, 570 Improved TOW Vehicles, and more M60A3 tanks, M-198 Howitzers, Chaparrals, Heavy Expandable Mobility Tactical Trucks, and Commercial Utility Cargo Vehicles by the end of FY 1987. At the end of FY 1986, the Army National Guard had 157 Bradleys and 70 Improved TOWs. In FY 1987, the first AH-64 Attack Helicopters will be delivered to the Army Guard, with more scheduled to arrive in FY 1988.

During FY 1988 and 1989, more Army Reserve units will receive M60A3 battle tanks with 105MM guns, thermal sights, laser range finders, and analog ballistics computers; High Mobility Multipurpose Wheeled Vehicles (HMMWVs); M939 Series Five Ton Trucks (a versatile multipurpose truck, available in a variety of body types and classes); and the AN/GYK-29 Battery Computer System, which provides fire control and command information for field artillery batteries. This modern equipment is part of the technological edge the Army reserve components need to fight and win.

As a part of their role in the Total Army, the Army reserve components are becoming increasingly involved in demanding training that tests every aspect of their readiness.

The Army National Guard participates in field exercises to improve both unit and individual readiness. In FY 1986, 26,717 personnel from 1,107 units and unit cells trained in 35 countries around the world. In FY 1987, approximately 29,000 Army Guardsmen and 22,000 Army Reservists are scheduled to train worldwide.

Army reserve component use of the National Training Center continues. In FY 1987,the first reserve component Brigade (256th Infantry Brigade of Louisiana) will plan, control, and conduct a full training rotation at the National Training Center. Additionally, 14 more combat units will conduct leadership training at the Center.

Naval Reserve

Modernization of the Naval Reserve Surface Force continued with the acceptance of four more FFG-7 Perry Class frigates during FY 1986. With three additional FFG-7's and one FF-1052 transferred during FY 1987, the Naval Reserve Surface Force will operate a total of seven FF-1052 Knox Class and twelve FFG-7 Perry Class frigates, with a final mix planned at eight and eighteen, respectively.

The third LAMPS MK I (SH-2F aircraft) squadron came on line in FY 1986. The LAMPS aircraft provide the Naval Reserve Surface Force extended ASW search and attack capability. With eight aircraft per squadron, this program is complete.

Two Salvage ships entered the Naval Reserve Force in FY 1986. Two new Mobile Inshore Undersea Warfare Units have been organized in FY 1987, which are designed to provide mobile, rapidly deployable, surface and subsurface communications in shallow to intermediate depth water. This element of the Naval Reserve will increase from 18 units in FY 1986 to 28 units by FY 1990. In addition, the Naval Reserve will receive all 14 of the new construction MCM-1, Mine Countermeasure Ships, and all 17 of the new MHC-1, Coastal Mine Hunters. The first MCM is scheduled to be transferred to the Naval Reserve in FY 1988 and the first MHC by FY 1992. By 1990, more than 50 ships of the emerging 600 ship Navy will be in the Naval Reserve.

Modernization of Naval Reserve aviation continues. The F-14 fighter was added to the Reserve Carrier Air Wings during FY 1985. The Naval Reserve is completing transition from the A-7B to the more modern A-7E attack aircraft. One squadron received the new F/A-18 in October 1985 and a second Reserve Strike Fighter Squadron began transition in January 1987. The Squadron Augmentation Unit concept initiated in FY 1984 also has been successful in enhancing the training of Naval Reserve augmentation aircrews in the same A-6, F-14, P-3C, SH-3H, S-3, and E-2C aircraft employed by their gaining squadrons. An Airborne Mine Countermeasure Squadron, flying the RH-53D, was commissioned in the Naval Reserve in October 1986 and a second will stand up in FY 1989.

The TACNAVMOD upgrade for the P-3A and B maritime patrol aircraft was completed in 1986, and upgrading of the AQA-7 acoustic processor on these aircraft continues.

These improvements will provide us with an effective reserve component maritime patrol force. A significant step toward achieving this goal was taken with the Naval Reserve's transition to the P-3C aircraft in the Navy's FY 1986 and FY 1987 procurement program. This is especially important, since the Naval Reserve provides 35 percent of the Navy's total maritime patrol capability.

Marine Corps Reserve

In the Marine Corps Reserve, the total wartime equipment requirement is a combination of training allowance and stores assets. More than 97 percent of the equipment required for training is now on hand at local training centers. This training allowance equates to approximately 56 percent of the total requirement. The remainder is programmed to be stocked by FY 1989.

Since 1982, procurement and fielding of modern combat essential equipment in ordnance, communication, motor transport, and engineer commodity areas has increased at an accelerated pace. All major new ground combat systems are being programmed for the reserve as well as the active force. Some examples of concurrent fielding are the Logistics Vehicle system "Dragon Wagon", M198 Howitzer, High Mobility Multipurpose Wheeled Vehicle, and TOW 2 (heavy antitank missile system).

Although modernization of Reserve aviation continues to be a concern, commonality in Marine aviation is increasing. Aircraft such as the F-4S, CH-46E, UH-1N, AH-1J, and KC-130F are all being flown by the active and reserve forces.

The Marine Corps Reserve has completed the upgrade of their fighter force with the introduction of F-4's and A-4M aircraft. Current plans are to transition to F/A-18, AH-1T, CH-53E, and MV-22A aircraft after the active force upgrades. A new attack helicopter squadron will be activated to bring Reserve attack helicopter capability up to 24 aircraft in 1988. In 1986, the Marine Corps Reserve began operating an aggressor squadron equipped with the F-21A "KFIR" aircraft to provide instruction to active and reserve Fleet Marine forces and Fleet squadrons through simulation of adversary aerial combat tactics.

Marine reservists train in exercises throughout the world with their active force counterparts. During 1987, the Marine Corps Reserve will continue to emphasize active/reserve training integration as the dominant factor in reserve training planning.

Air National Guard and Air Force Reserve

The overall combat capability of the Air Reserve Forces continues to improve. The Air National Guard and Air Force Reserve contribute 33 percent of the tactical fighters; 57 percent of the tactical reconnaissance aircraft; 73 percent of the strategic air defense fighters (growing to 80 percent in FY 1988); 79 percent of the Air Force's Special Operations aircraft; 60 percent of the tactical airlift capability; 10 percent of the strategic airlift (projected to increase to 18 percent by FY 89); and 21 percent of the strategic air refueling aircraft of the Total Air Force.

Both Air Reserve Force components are modernizing their tactical fighter forces, replacing older F-4C/D aircraft with the more capable F-4E and F-16 fighters, and F-15's in the Air National Guard. During FY 1987, the Air National Guard will convert two fighter squadrons, one to the F-4E and another to the F-15. In addition, two Air National Guard Air Defense squadrons will acquire the F-16. The Air Force Reserve will acquire a second F-16 squadron. During FY 1988 and FY 1989, four more Air National Guard and Air Force Reserve units will receive the F-4E; six units will convert to the F-16; and the Air National Guard will obtain an additional F-15 squadron and convert four additional air defense squadrons to the F-16. This effort to modernize the Air National Guard and Air Force Reserve is unprecedented; but, it is not without problems. Although the aircraft conversions are progressing smoothly, the impact these conversions have upon military construction facility replacement programs is becoming critical. During FY 1987, the Air National Guard has approximately 75 percent, and the Air Force Reserve 89 percent, of the military construction budget dedicated to the support of unit conversions. If this trend continues, the backlog of deferred military construction projects ($1.0B for the Air National Guard and $530M for the Air Force Reserve by the end of FY 1987) will continue to rise and detrimentally affect operational capabilities.

During FY 1987, the four Air National Guard and Air Force Reserve strategic airlift units will continue receiving additional C-5 and C-141 aircraft, and two units will receive new C-130H tactical airlift aircraft. Again in FY 1988, an additional Air Force Reserve unit will receive new C-130H aircraft, and more C-5A and C-141 aircraft will be transferred to the Air National Guard and Air Force Reserve as the active force acquires new C-5B and C-17 aircraft. During FY 1988 and FY 1989, the Air National Guard will receive ten more KC-135 strategic air refueling aircraft, which will robust five squadrons to ten aircraft each.

One of the more challenging Air Reserve Force programs is modification of existing aircraft. Our goal is to ensure the combat survivability of their aircraft and that the engagement capabilities are commensurate with that of Active component aircraft. Currently, 18 modification programs are underway for Air National Guard and Air Force Reserve tactical fighter aircraft. Another 24 programs are under consideration. These combat capability enhancements include items such as new navigation and weapons delivery systems, Heads-up Display, advanced AIM-9L air-to-air missile capabilities, low smoke engines for the F-4, and improved radar warning and countermeasures equipment.

To provide meaningful and realistic training, the Air Reserve Forces completed 187 unit deployments to RED FLAG, overseas deployments, and joint exercises in FY 1986.

Coast Guard Reserve

Coast Guard reservists perform nearly two-thirds of their training by augmenting active duty units, which provides a high peacetime payback for the investment in the Coast Guard Reserve program. In FY 1986, the Coast Guard Reserve provided nearly two million man-hours of reserve augmentation -- up more than 20 percent from FY 1985. Coast Guard reservists also increased their participation in joint service readiness exercises. In FY 1986, more than 3,100 personnel -- 24 percent of the force -- participated in exercises such as PORT CALL, REFORGER, PRESENT ARMS, and OCEAN VENTURE.

The Coast Guard is also addressing its mobilization equipment shortfalls, with plans to procure critically needed secure communications equipment. This effort must continue in order to ensure Coast Guard reservists will be adequately equipped to perform their wartime tasks.

National Guard and Reserve Equipment

During FY 1986, the Department of Defense and the Services continued to improve the equipment status of the National Guard and Reserve forces. And, we are continuing our efforts to develop and implement programs to enhance our ability to identify specific equipment problem areas and improve our procurement and distribution planning.

Our FY 1988 report to the Congress on the status of National Guard and Reserve equipment, which is based on a representative sampling of 1,240 major line items of reserve component equipment, shows that equipment valued at $7.6 billion was delivered to National Guard and Reserve forces during FY 1986. This included more than 160 aircraft, 51 helicopters, five ships, 279 tanks, 191 howitzers, 559 grenade launchers, more than 1,300 machine guns, and more than 17,000 tactical and support vehicles. Offsetting these additions, nearly $4.7 billion of equipment was removed from reserve component inventories, the majority of which represented equipment modernization actions. The resulting net gain to the National Guard and Reserve was more than $2.9 billion.

Based on this representative sample, if the National Guard and Reserve forces were mobilized at the beginning of FY 1988, they would be able to field approximately 72% of their required equipment, in terms of dollar value. Through the use of available substitute items, this capability could be raised to approximately 80%.

The outlook for expected progress in diminishing National Guard and Reserve equipment shortfalls has been dimmed. Due to budgetary constraints, overall Service planned procurement for FY 1988 is down by more than $22 billion compared to that planned for FY 1988 in the President's Budget last year. This reduction, which exceeds 20%, will adversely impact the equipment status of the reserve components since a large portion of their equipment comes from redistributed Service assets.

Current Service plans for reserve component equipment procurement are contained in the Department's P-1R report, which accompanies the President's Budget. It reflects the types, quantities, and costs of equipment items proposed for procurement for the reserve components. The report identifies equipment procurement of more than $2.1 billion in FY 1988 and $2.5 billion in FY 1989 for the National Guard and Reserve.

The Department of the Army has requested $1.2 billion in FY 1988 and $1.4 billion in FY 1989. The request includes $890 million in FY 1988 and $1,090 million in FY 1989 for Army National Guard procurement and $308 million in FY 1988 and $301 million in FY 1989 for Army Reserve procurement.

The Department of the Navy has requested $191 million for both FY 1988 and FY 1989. The Navy's request includes nearly $42 million in FY 1988 and $28 million in FY 1989 for Marine Corps Reserve procurement and approximately $149 million in FY 1988 and $163 million in FY 1989 for Naval Reserve procurement.

The Department of the Air Force has requested $803 million in FY 1988 and $937 million in FY 1989. The Air Force request includes $553 million in FY 1988 and $683 million in FY 1989 for the Air National Guard procurement and $250 million in FY 1988 and $254 million in FY 1989 for Air Force Reserve procurement.

If we achieve 100% of our current equipment redistribution and procurement plans, substantial equipment shortfalls still will exist. Data from our FY 1988 National Guard and Reserve Equipment Report indicates a shortfall at the end of FY 1990 at about the same level projected in last year's report (i.e., $10 to $11 billion for the 1,240 line items included in the report).

Progress in closing the gap between equipment-on-hand and wartime requirements is becoming increasingly difficult, given the greater competition for limited budget resources and escalating wartime equipment requirement levels. However, the major challenge in the equipment area is under the policy that has been articulated for a number of years. This policy provides that those units that are the first to fight, first to deploy, should be the first to be equipped. We need to work on targeting equipment into the early deploying units, particularly in the combat support and combat service support area.

Guard and Reserve Facilities

We have requested $579.3 million in FY 1988 and $522.3 million in FY 1989 for reserve component Military Construction. This represents a growth of approximately $100 million more than the FY 1987 appropriation level for the FY 1988 program.

While the Office of the Assistant Secretary of Defense for Reserve Affairs participates in the planning, programming, and budgeting process for reserve component Military Construction programs, it does not direct the Services on what, where, and when to build. Rather, we carefully review the decisions of each component and support those projects that improve mission accomplishment, readiness, and permit realistic training.

We continuously monitor the execution of the reserve component Military Construction programs. Our oversight in this regard has produced a combined reserve component execution rate in FY 1986 which is the highest in the Department of Defense. In order to achieve our first year 100% execution goal, starting with the FY 1990 budget, we will require all reserve component Military Construction projects to be 65% design complete during the OSD/OMB review preceding submission of the budget in January. Additionally, if a two-year budget submission is required, projects for the second year must be 35% complete during the OSD/OMB review.

Reserve Component Medical Readiness

One of the top priorities of the Office of the Assistant Secretary of Defense for Reserve Affairs is the readiness status of reserve component medical units and personnel, which is influenced by three interrelated factors -- equipment, personnel, and training.

In the equipment area, our ability to provide in-theater hospital care is not significantly better than it was six years ago. We are not capable as yet of providing the necessary level of combat zone medical care in the early days of a short-notice conventional conflict in either Europe or Korea. This will necessitate out-of-theater evacuation of soldiers who otherwise would be able to return to their units after a brief hospitalization period. While DoD is beginning to field this equipment in FY 1987 under the Deployable Medical Equipment Sets (DEPMEDS) program, the fielding program will not be complete until after 1993. The program has been delayed even further with the $132M Congressional cut in DEPMEDS funding.

We have been working with the Army to reevaluate the fielding plan for DEPMEDS and guarantee that the plan will maximize combat medical care capability by giving priority to non-equipped units, rather than modernizing those with existing equipment first.

In the personnel area, we still face critical combat medical skill shortages and significant MOS mismatch problems.

In 1986, we implemented two Congressionally mandated incentive programs -- the student loan repayment program and the stipend program for specialists in training, which is designed to attract physicians and nurses with critical wartime specialties. As noted in the Department's recent report to Congress, these programs are needed to reduce existing shortages in critical wartime medical skills.

In addition, we are considering other initiatives including expansion of Section 672 of Public Law 99-145 to permit a range of stipend recipient payback options in the Selected Reserve and Individual Ready Reserve; authority for graduates of the Armed Forces Health Professions Scholarship Program to fulfill their military service obligation in the Selected Reserve; expansion of the skills included in the Loan Repayment Program and Stipend Program; expansion of the types of loans covered in the Loan Repayment Program; an increase of the Military Service Obligation for Health Professions Scholarship Program obligors; and increasing initial entry and continued participation age requirements for reserve component medical personnel.

As the equipment picture begins to improve, and additional personnel are recruited and properly assigned, meaningful training will become even more important to ensure we keep those we have worked so hard to recruit. For this reason, our military medical training must be flexible and allow medical professionals and specialists to use scarce time efficiently.

Family and Employer Support

We have continued our efforts to communicate the vital role of the National Guard and Reserve forces to audiences throughout the nation, including the active force, reserve component family members, employers, public opinion leaders, and the general public.

Family Support

While we know the influence of the family on member participation and retention in the National Guard and Reserve is as great a factor as employment conflict, the influence of family support on individual and unit effectiveness in the reserve component setting must be better understood.

The Department of Defense has been engaged for several years in a major project to assemble data on active duty military families in order to assess potential policy changes which best encourage retention, control attrition, support morale, and increase the overall effectiveness of our armed forces. We have expanded this project to include reserve component families, which includes the examination of the effects of spouse pressure, high mobility rates, changes in marital status, frequent civilian job changes, nonproductive training assemblies, unit leadership, and management on reserve component attrition. A comprehensive survey (The 1986 Reserve Components Survey) of more than 100,000 members and 60,000 spouses has been completed. This survey paralleled, as much as possible, the 1985 DoD survey of the active forces. The survey results, which currently are being analyzed, will provide a data base from which to assess the probable impact of policy changes on the attitudes of reserve component family members and on National Guard and Reserve member participation and retention.

We have established a Subcommittee of the DoD Family Policy Coordinating Committee to look specifically at reserve component family issues. This Subcommittee will help us identify the needs of reserve families and take actions designed to improve family support. The Subcommittee has been tasked to review Service plans to provide essential services to the families of mobilized reservists.

We have pre-enrolled approximately 350,000 Selected Reserve members and their dependents in DEERS (the Defense Enrollment Eligibility Reporting System). One of the primary objectives of DEERS is the development and maintenance of a capability for partial mobilization to include the ability to incorporate National Guard and Reserve sponsor and dependent data in a single data base. The purpose of reserve component pre-enrollment is to ensure that family members of mobilized reservists will have the proper medical and other benefits available to them, the same as active force dependents, once mobilization begins. When Phase I pre-enrollment is completed we will continue with the remaining two phases of the project.

Employer Support

Our National Committee for Employer Support of the Guard and Reserve has organized and supports a network of state-level committees in all fifty states, the District of Columbia, Puerto Rico, the Virgin Islands, Guam, and Saipan. Non-paid, volunteer membership in these committees now exceeds 3,300 and includes influential business, labor, civic, and local military leaders.

In 1986, State Committees conducted 74 award presentation ceremonies, honoring employers whose policies are especially supportive. Thirty-eight PRO PATRIA awards, the Department of Defense's most prestigious award for supportive employers, and 152 State Chairman's awards were presented. Certificates of Appreciation were presented to 12,796 employers nominated by their reserve component employees for outstanding support of participation in the National Guard and Reserve.

The National Committee's 1986 "BOSSLIFT" program gave 100 groups of 40 employers an opportunity to observe reserve training at locations such as Naval Station, Norfolk, VA; Nellis Air Force Base, NV; Fort Indiantown Gap, PA; and the National Training Center in California. State delegations also visited the Military District of Washington to receive briefings from selected DoD agencies on the role of the National Guard and Reserve in the Total Force.

The 1986 Exhibits program provided employer support exhibits at 12 national and international professional and business conferences. The Direct Mail Information program provided employer support information to thousands of employers in selected states.

Every year, the National Committee directs and manages a nationwide public service advertising program in cooperation with the Advertising Council. Printed materials are furnished to more than 9,000 daily and weekly publications and to 500 billboard companies nationwide. This year, four networks, 900 television and 7,000 radio stations will receive our public service announcements for broadcast. The 1987 advertising strategy will continue to focus on the contemporary roles and missions of the reserve components.

During 1986, the National Committee's Ombudsman Program effectively resolved hundreds of employee-reservist/employer problems. Re-employment problems that could not be resolved by the Ombudsman were referred to the U.S. Department of Labor. Among the statutory employment protection provisions administered by the Department of Labor is new law enacted in late 1986 barring discrimination against National Guard and Reserve members applying for jobs.

Legislative Proposals

The President has directed that the Sixth Quadrennial Review of Military Compensation (QRMC) concentrate on reserve component compensation. We look forward to this review and the positive influence it will have on future legislation. In the meantime, we are resubmitting the Reserve Officer Personnel Management Act for your consideration.

ROPMA was forwarded to Congress in December of 1985 and was included in the Department of Defense legislative package for the 100th Congress. In addition to resolving some critical reserve component management problems, ROPMA is the first comprehensive revision to the Reserve Officer Personnel Act (ROPA), which was enacted in 1954 and provided the basis for appointment and career management of reserve officers. Only piecemeal adjustments to ROPA legislation have been made during the ensuing 30 years. ROPMA is designed to provide compatible personnel systems for all reserve officers, whether on the active duty list or the reserve active status list. It is closely patterned after the Defense Officer Personnel Management Act, which was enacted in 1980. ROPMA will revise the laws governing reserve appointments, promotions, separations, and transfers to the Retired Reserve. It will allow the long-range planning essential to providing reserve officers with attractive and meaningful careers and help attract and retain officers of the proper age and grade who possess the skills and experience needed by our reserve components.

Conclusion

Our heavy reliance on the reserve components under the Total Force Policy mandates that National Guard Reserve and CONUS based active units must be prepared to augment and expand our forward deployed forces rapidly. There is no question in my mind that the capability and readiness of our reserve components have improved significantly during this administration. We have more people of higher quality, better equipment, and more realistic training than at any previous time in our history.

While some problems remain, I am confident that as we continue to improve the effectiveness of the National Guard and Reserve, we will be improving the total capability of this Nation's defense posture. That is, and must remain, our first and foremost aim.

Mr. Chairman this completes my testimony. I thank you for the opportunity you have given me to appear before this committee today.

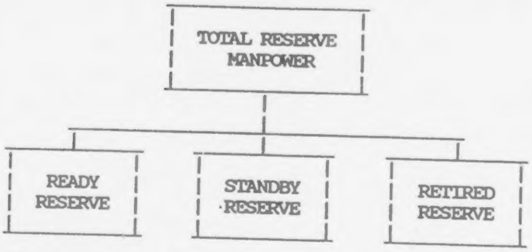
January 20, 1987

RESERVE CATEGORY DEFINITIONS

(Consistent with Proposed DoDD 1215.6)

There are three reserve component categories — the Ready Reserve, the Standby Reserve and the Retired Reserve. Each member of the National Guard and Reserve Components is assigned within one of these categories. (All National Guard members are in the Ready Reserve) (Figure 1).

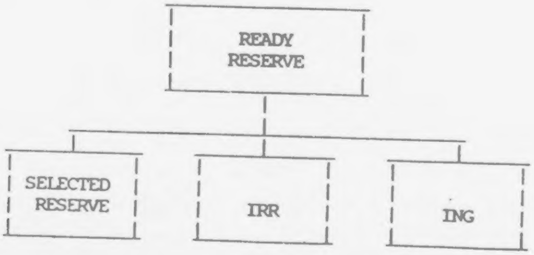
Figure 1



I. READY RESERVE

The Ready Reserve is comprised of military members of the reserve and national guard, organized in units, or as individuals, are liable for recall to active duty to augment the active components in time of war or national emergency as provided by law (Title 10, U.S.C.) and in regulation. The Ready Reserve consists of three reserve component subcategories—the Selected Reserve, the Individual Ready Reserve and the Inactive National Guard (Figure 2).

Figure 2



A. Selected Reserve

The Selected Reserve consists of those units and individuals within the Ready Reserve designated by their respective Services and approved by the Joint Chiefs of Staff as so essential to initial wartime missions that they have priority over all other Reserves. All Selected Reservists are in an active status.

The President may order up to 200,000 of the Selected Reserve to active duty involuntarily for any operational mission for not more than 90 days without declaring a national emergency. The emergency nature of a mobilization may require a rapid capability to assemble and deploy forces. Therefore, the Selected Reserve must be prepared to mobilize within 24 hours.

This category includes all Guard and Reserve personnel who have Selected Reserve agreements, whether trained or not, since they would all be subject to mobilization under the 200,000 recall authority. Those who have not yet completed required training would not be available for deployment on land outside the United States with their own unit or other units until completion of training. Active Guard or Reserve members, including those on full-time National Guard duty under Section 502(f), Title 32, who are assigned to Guard or Reserve units will deploy with those units upon mobilization.

The Selected Reserve consists of the following subcategories (Figure 3):

1. Selected Reserve Units — Units manned and equipped to serve and/or train either as operational or as augmentation units. Operational units train and serve as units; augmentation units train together, but when mobilized, lose their unit identity, being subsumed into an active unit or activity. Selected Reserve units include:

   a. Drilling Unit Reservists — Trained unit members who participate in unit training activities on a part-time basis. Reserve Component Category and Training/Pay Category SA.

   b. Full-Time Reserve Unit Support Personnel:

      (1) Active Guard/Reserve (AGR) — Guard or Reserve members of the Selected Reserve who are ordered to active duty or full-time National Guard duty with their consent for the purpose of organizing, administering, recruiting, instructing or training the Reserve Component Units. All unit AGR members must be assigned against an authorized mobilization position in the unit they support. (Includes Navy TARs and MC FTS) Ex.: Army below MUSARC/STARC; AF below numbered Air Force. Reserve Component Category and Training Category SG.

      (2) Military Technicians (MT) — Federal civilian employees who provide full-time support for administration, training and maintenance to the unit. These employees must maintain their status as drilling reservists in the same unit, are often referred to as dual status individuals and are counted in the drilling reservist subcategory. All dual status military technicians must be in mobilization positions. (Excludes National Guard civilian or contract "technicians" hired under title 32 and personnel identified as Status Quo.) Reserve Component Category and Training Category SM.

      (3) Active Component (AC) — Active duty members who are assigned or attached to reserve units by their respective Services to provide advice, liaison, management, administration, training and/or maintenance support in the category of full-time support. These personnel are not part of the Selected Reserve, but would deploy with the unit to which assigned after mobilization. They are identified here for FTS reporting and readiness purposes.

      (4) Civil Service Employees (CIV). These personnel are hired under USC Titles 5 and 32 to provide administrative support to the reserve components. They are in the category of full-time support to the Reserve Components, but are not part of the Selected Reserve, and they do not have mobilization assignments.

   c. Simultaneous Membership Program. These are Senior ROTC cadets who are also permitted to be members of a Selected Reserve Unit. Reserve component category and training category ST.

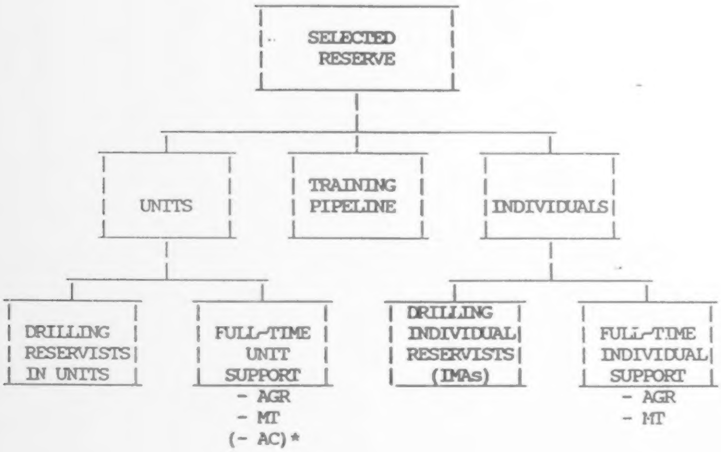
2. Trained Individuals — Individual members of the Selected Reserve assigned to an Active Force organization. Trained Individuals include:

a. Drilling Individual Reservists -- Individual Mobilization Augmentees (IMAs) are trained individuals preassigned to an active component, Selective Service System or Federal Emergency Management Agency organization's billet which must be filled on or shortly after mobilization. IMAs participate in training activities on a part-time basis with an active component unit in preparation for recall in a mobilization. Reserve Component Category and Training Category TB.

b. Individual Active Guard/Reserve (AGR) — Individual Guard or Reserve members of the Selected Reserve who are ordered to active duty or full-time National Guard duty in an active component organization with their consent for the purpose of organizing, administering, recruiting, instructing or training the Reserve Components. They are assigned in headquarters and support functions. (Includes Navy TARs & TEAMACS, MC FTS, and all Stat Tour Personnel.) Ex.: Army-NGB, State Hqs; Navy-Res Personnel Centers, NRPC; MC-HQs; AF-Numbered Wings, Support Center, State Hq's, AF HQs, AFRES. Reserve Component Category and Training Category TR.

c. Individual Military Technicians (MT) — Individual federal civilian employees who provide full term support for administration, training and maintenance in the Selected Reserve, not in a unit. These employees must maintain their status as drilling reservists. All individual military technicians must be in mobilizable positions. Reserve Component Category and Training Category TW.

Figure 3



*See paragraph A.1.b(3) on page 3.

3. Training Pipeline — Selected Reserve personnel who have not yet completed initial active duty training, awaiting initial active duty training, awaiting the second part of split initial active duty training, and other Selected Reserve untrained personnel in training programs. All Ready Reservists shall receive training commensurate with their intended wartime assignments and by law must complete a minimum of 12 weeks or its equivalent of Initial Active Duty Training prior to any deployment on land outside the United States. Since these personnel in the training pipeline are mobilizable, but may not be available for deployment with their units, they are accounted for separately. Reserve Component Category and Training Categories UF, UQ, UP and/or UX.

B. Individual Ready Reserve/Inactive National Guard

The Individual Ready Reserve (IRR) and Inactive National Guard (ING) consist of those Ready Reservists who are not in the Selected Reserve. The President may order up to one million Ready Reservists to active duty involuntarily for up to 24 months upon the President's declaration of a national emergency. When Congress declares a state of war or national emergency, the President may order all Ready Reservists to active duty involuntarily for the duration of the war or emergency plus six months.

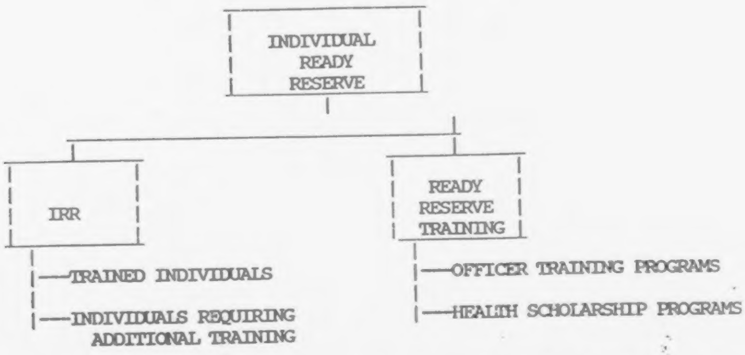
1. The Individual Ready Reserve (IRR)

a. The IRR consists of a manpower pool principally consisting of individuals who have had training and who have served previously in the active component, or in the Selected Reserve and have some period of their Military Service Obligation remaining. In addition, there are some individuals in the IRR voluntarily, for hardship or in special non-pay programs that provide a variety of professional assignments and opportunities to earn retirement points and military benefits. These personnel all have an obligation to complete either the MSO or a contractual agreement. Reserve Component Category and Training Categories EH for trained members or RH for members requiring further training.

b. The IRR also includes some personnel who are participating in officer training programs or in the Armed Forces Health Scholarship program. Reserve Component Category and Training Categories RJ for personnel in officer training programs or RK for personnel in Health Professional Scholorship programs.

c. Test programs were conducted in FY 1979 and FY 1983 to enlist non-prior service personnel directly into the IRR. These personnel were required to receive initial active duty training and are required to receive periodic refresher training. Reserve Component Category and Training Categories RE or RH depending on their training status. (Figure 4.)

Figure 4


INDIVIDUAL READY RESERVE
IRR
TRAINED INDIVIDUALS
INDIVIDUALS REQUIRING ADDITIONAL TRAINING
READY RESERVE TRAINING
OFFICER TRAINING PROGRAMS
HEALTH SCHOLARSHIP PROGRAMS

2. The Inactive National Guard consists of National Guard personnel in an inactive status not in the Selected Reserve who are attached to a specific National Guard unit, but do not participate in training activities. Upon mobilization, they would mobilize with their units. In order for these personnel to remain members of the ING, they must muster once a year with their assigned unit. Like the IRR, all members of the ING have legal, contractual obligations. Currently, the ING is used only by the Army National Guard. Reserve Component Category and Training Category II. (Figure 5.)

Figure 5

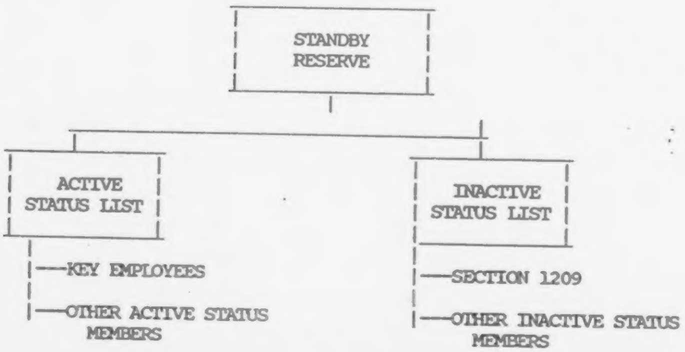
INACTIVE
NATIONAL
GUARD
(ING)

II. STANDBY RESERVE

The Standby Reserve consists of personnel who maintain their military affiliation without being in the Ready Reserve, who have been designated key civilian employees, or who have a temporary hardship or disability. These individuals are not required to perform training and are not part of units. The Standby Reserve is a pool of trained individuals who could be mobilized if necessary to fill manpower needs in specific skills. The number of reservists in Standby Reserve Status is decreasing mainly as a result of DoD initiatives to emphasize accession and retention of personnel in a Ready Reserve Status.

In time of war or national emergency declared by Congress, or when otherwise authorized by law, the Standby Reserve may be involuntarily mobilized for the duration and for six months afterward. However, a member of the Standby Reserve may not be ordered to active duty involuntarily unless the Secretary concerned, with the approval of the Secretary of Defense, determines that there are not enough qualified Reservists in the Ready Reserve or in the Inactive National Guard in the required category who are readily available (Figure 6).

Figure 6



A. Active Status List -- Those Standby Reservists temporarily assigned for hardship or other cogent reason; those not having fulfilled their statutory MSO, those retained in active status under the provisions of 10 U.S.C., 1006; or those members of Congress and others identified by their employers as "Key Personnel" and have been removed from the Ready Reserve because they are critical to the national security in their civilian employment. Reserve Component Category and Training Categories YC and YD.

B. Inactive Status List -- Those Standby Reservists who are not required by law or regulation to remain in an active program and who retain their Reserve affiliation in a nonparticipating status, and those who have skills which may be of possible future use to the Armed Force concerned. Inactive status list members may not train for points or pay, and are not eligible for promotion. Includes members transferred to inactive status in lieu of separation under 10 U.S.C. 1209. Reserve Component Category and Training Categories YL and YN.

III. RETIRED RESERVE

The Retired Reserve is comprised of all Reserve officers and enlisted personnel who receive retired pay on the basis of their active duty and/or reserve service; all Reserve officers and enlisted personnel who are otherwise eligible for retired pay but have not reached age 60 and who have not elected discharge and are not voluntary members of the Ready or Standby Reserve; and other retired reservists as further detailed below.

Enlisted Navy and Marine Corps Regular and Reserve members who are retired with 20 or more years of active duty but less than 30 are assigned to the Fleet Reserve (Navy) and Fleet Marine Corps Reserve respectively. When these personnel complete a total of 30 years of active and Fleet Reserve service, they are then assigned to the Retired Reserve or placed on the regular retired list, respectively. Army and Air Force Regular enlisted personnel who have completed 20 or more years but less than 30 years of active duty become members of the Retired Reserve. When these members complete a total of 30 years of active and retired service, the regular enlisted retirees are placed on the regular retired list.

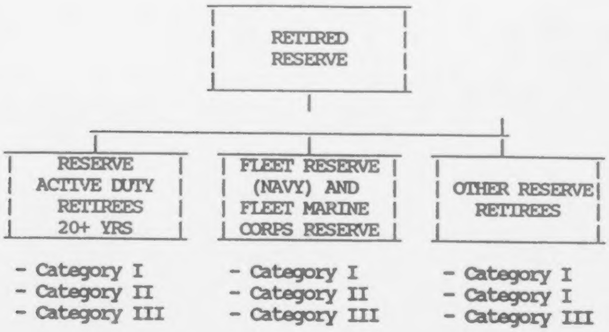
All retired members who have completed at least 20 years active duty (Regular or Reserve), regardless of the retired list to which assigned may be ordered to active duty whenever required as determined by the Secretary of the Military Department in accordance with 10 USC 688.

At any time, a Secretary of a Military Department may order regular or reserve 20 year active duty retirees and members of the Fleet Reserve and the Fleet Marine Corps Reserve to active duty without their consent in the interest of national defense. In time of war or national emergency declared by Congress, the respective Secretary may recall any other retired member of a Reserve Component, with the approval of the Secretary of Defense, when it is determined there are insufficient qualified Reservists in an active status or in the Inactive National Guard.

Retired personnel are a resource of trained individuals who may be used to augment support and training facilities, to relieve Active Component or Ready Reserve members for other duties, or to accomplish operational missions as needed. Retired Reserves can be categorized as follows for the purposes of estimating and management of mobilization resources.

It is DoD policy that all military retirees be categorized by the length of time after retirement and whether or not an individual has a disability that would preclude recall in a mobilization. Category I military retirees are those within their first 5 years of retirement, are under age 60 and not disabled. Category II, those who have been retired more than 5 years and under age 60 and not disabled; Category III includes all others, including those who are disabled. All Category I and II retirees are considered mobilization assets and are so counted as part of the total DoD mobilization base. Category III retirees with selected skills, primarily medical personnel, are considered as mobilization assets on a case-by-case basis. (Figure 7)

Figure 7



A. Reserve Active Duty Retirees -- These are reserve officers who have completed at least 20 years of active duty; those Navy and Marine Corps retired reserve enlisted personnel who have a total of 30 years or more of combined active and reserve service and are reassigned from the Fleet Reserve or Fleet Marine Corps Reserve (see above); and those Army and Air Force enlisted personnel who have completed at least 20 years of active duty (regular Army and Air Force, enlisted retirees are also included until they have completed a total of 30 years of active and retired service); Army and Air Force reserve enlisted personnel who have a total of 30 years or more of combined active and retired service, and those who are retired with pay for service or were retired with pay by reason of disability. Reserve retirees are categorized as Category I, II, or III mobilization assets.

B. Fleet Reserve (Navy) and Fleet Marine Corps Reserve -- All Navy and Marine Corps enlisted members are assigned to the Fleet Reserve or Fleet Marine Corps Reserve when they retire with 20 years or more of active duty. When these personnel complete a total of 30 years of active and reserve duty, the regular enlisted retirees are assigned to the regular retired list and the reserve retirees are assigned to the Retired Reserve. Fleet Reserve retirees are further categorized as Category I, II, or III mobilization assets.

C. Other Retired Reservists -- These include other categories of retired reservists who may or may not be receiving retired pay or may or may not be eligible for eventually receiving retired pay. Other Retired Reservists are also categorized as Category I, II or III mobilization assets. Those include as other Retired Reservists include those:

1. Not Drawing Retired Pay, (eligible at age 60, but not receiving pay if over age 60).
2. Drawing Retired Pay (over age 60 and actually receiving pay).
3. Not Drawing Retired Pay, not eligible at age 60. (Includes (Honorary Retirees)).

IV. RETIRED REGULARS

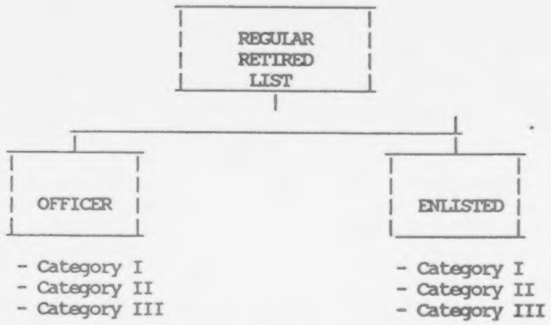
Retired Regular Officers and Retired Regular Enlistees with at least 30 years of active and retired service are not a part of total Reserve manpower as currently defined by statute. Mobilization of Retired Regulars and Reserves has, however, been standardized by Public Law 96-513, Sep 1983, as described above. Because all retired personnel, Regular or Reserve, are a part of the trained mobilization base, a description of these categories is included herein for completeness and to provide a clear understanding of the relationship, of the various retired categories.

Regular Officer Retirees -- These are regular officers who have completed at least 20 years of active duty and are retired with pay, or were retired with pay by reason of disability.

Regular Enlisted Retirees -- These are regular enlisted retirees who have completed at least 30 years of active and retired service. Navy and Marine Corps regular enlisted retirees with at least 20 but less than 30 total years of active and retired service are assigned to the Fleet Reserve and Fleet Marine Corps Reserve. Army and Air Force regular enlisted retirees who have completed at least 20 but less than 30 years of Active and Retired service are assigned to the Retired Reserve. These exceptions are further explained above in paragraph III.

Regular retirees are also categorized for the purpose of estimating mobilization resources (as described in paragraph III above). (Figure 8)

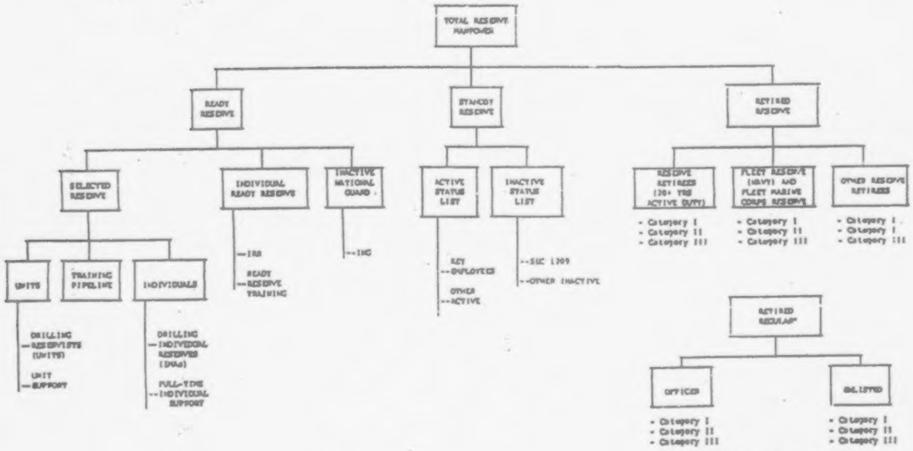
Figure 8


REGULAR RETIRED LIST
OFFICER
ENLISTED
- Category I
- Category II
- Category III
- Category I
- Category II
- Category III

Retired Personnel who are either judged permanently or temporarily disabled are assigned to Disabled and Temporary Disabled lists within the categories described above. Since they would be unavailable for mobilization in time of crisis or national emergency, they would be identified as Category III mobilization assets.

A comprehensive organization chart showing all of the categories discussed above is attached as Figure 9.

FIGURE 9


TOTAL RESERVE MANPOWER
READY RESERVE
STANDBY RESERVE
RETIRED RESERVE
SELECTED RESERVE
INDIVIDUAL READY RESERVE
INACTIVE NATIONAL GUARD
ACTIVE STATUS LIST
INACTIVE STATUS LIST
RESERVE RETIREES (20+ YRS ACTIVE DUTY)
FLEET RESERVE (NAVY) AND FLEET MARINE CORPS RESERVE
OTHER RESERVE RETIREES
- Category I
- Category II
- Category III
- Category I
- Category II
- Category III
- Category I
- Category I
- Category III
UNITS
TRAINING PIPELINE
INDIVIDUALS
—IRR
READY
—RESERVE
TRAINING
--ING
KEY
--EMPLOYEES
OTHER
--ACTIVE
--SEC 1209
--OTHER INACTIVE
DRILLING
—RESERVISTS
(UNITS)
UNIT
--SUPPORT
DRILLING
—INDIVIDUAL
RESERVES
(IMAs)
FULL-TIME
--INDIVIDUAL
SUPPORT
RETIRED REGULAR*
OFFICER
ENLISTED
- Category I
- Category II
- Category III
- Category I
- Category II
- Category III

* Retired Regular personnel are not included as part of the Reserve manpower Categories, but are a pool of trained personnel available for mobilization consistent with the Retired Reserve.

PREPARED STATEMENT OF LT. GEN. HERBERT R. TEMPLE, JR.

Chief, National Guard Bureau,
Department of the Army and the Air Force

Much has been made lately, and rightly so, of the National Guard celebrating its 350th anniversary. However, despite the Guard readily being acknowledged as one of our most venerable institutions, its role in defending the Nation is unknown to many people. This could lead to misinformed perceptions that affect the National Guard's ability to fulfill its important new role in national defense.

Many Americans still think the National Guard is a state militia employed only in local emergencies and disasters. That is only partially true because the new roles and missions in national security, both for our soldiers and airmen, although they have changed drastically, are not always portrayed to our citizens. When The Total Force concept was conceived in 1971, this Nation's leaders decided that the reserve forces, including the National Guard, should become an integral part of our defense. It was a conscious decision made by the Department of Defense (DOD), and the executive and legislative branches of government to increase the Guard's national security role. In essence, their intent was that Guard and reserve components of the military departments would be better trained and equipped to fulfill national defense requirements and share greater defense responsibilities. The concept was implemented as a policy, but little improvement resulted, primarily due to a lack of adequate equipment, financial resources and commitment of the national leadership.

As American troops were withdrawn from Vietnam in 1973, the people of our nation, through their elected federal legislators, abolished the draft. America made a conscious decision to move to an all-volunteer force -- a posture requiring the federal government to maintain America's defense using a military force composed of volunteers. The decision was a pragmatic one because it offered a realistic alternative to conscription and reduced the great cost required for a large standing defense force. It also was more in keeping with America's tradition of a small standing force augmented by citizen-soldiers. However, in the ensuing years, the number of personnel on active duty declined dramatically and resources available to the military shrank. Concurrently, the strength of the Guard and Reserve forces decreased. By 1979, Active military end strengths "bottomed out" and Army Guard strength hit an all-time low of 345,528.

Thanks to Congress, steps were already being taken to reverse this trend. Interested in increasing the size of the force, Congress, in FY 78, directed the Guard to test a reenlistment bonus. As interested in improving recruiting as they were in retention, Congress, in FY 79, directed the Guard to offer an enlistment bonus test. And for the first time, Congress authorized the Army Guard to hire a significant number of full-time recruiters and retention non-commissioned officers. Because the Guard didn't have enough money to go around, the first incentives went to early deploying units and soldiers in critical job categories -- infantry, armor, artillery, medical, and some military police, as well as key flying units. By FY 81, there were incentives for all critical job categories and early deploying units. Later, Congress further increased incentives, as well as the number of recruiters and retention NCOs. The "tests" worked. Recruiting and retention have improved considerably. The proof is that in 1986, the Air Guard and the Army Guard have scored the highest retention rate of any of the Reserve forces. Why this success? Obviously, incentives and effective retention programs contribute to the success, but I believe that our members are staying because their expectations of military service are being satisfied: better training, more and modern equipment, and recognition that they are key players in our national security efforts.

Although the Guard historically had played a major role in most of this nation's conflicts from the Revolutionary War to World War II and Korea, never before had Army Guard units been so thoroughly integrated into war plans that called for their commitment with and in some cases before Active Components. In 1975, there were no main guard elements deploying before 60 days. The assumptions were different: there was a longer warning time in Europe, the Active forces and our allies could contain the enemy longer, the lift capabilities were inadequate and there was little in theater sustainment for our forces. Much has changed: The threat is larger and stronger, more modern and better supported.

The containment of aggression in Europe clearly depends upon rapid reinforcement of NATO forces. The survival of our servicemen and our allies deployed in Europe is directly linked to the ability of our reserve forces to meet critical deployment schedules and the assurance that once committed they can fight effectively. Lift and sustainment have improved and guardsmen are actively participating in mobilization and deployment exercises and seeing for themselves the importance of their service to their country. But with this reliance upon the Guard and Reserve comes a realization that the practices of the past - low levels of training, comfortable annual training periods, leisurely mobilization with time to train, equipment to be distributed, new personnel to fill out units, and opportunities to weed out the unfit - have passed. In today's environment, we are either ready in peacetime or we won't be ready in time of conflict.

Clearly, the Guard has become a key player in national strategy, deterring attack, reacting globally, and preparing to defeat any enemy. This commitment is magnified because in this period America's global military responsibilities have grown in the face of increased threats to our vital interests. Our role requires the capability to project our forces to many parts of the world besides Europe, such as Asia, the Middle East, Central America and other Third World countries. These places, often remote, affect the economy, stability and future security of our nation.

Thanks in large part to funding provided by members of Congress, who were responding to the greater national-defense role of the Guard, the growth of the Army Guard has been phenomenal. In 1979, the paid end strength of the Army National Guard was 345,528. In the next six years, the Army National Guard gained more than a 100,000 soldiers, having a paid end strength of 446,928 as of January 31, 1987. This makes it the world's eleventh largest army. The Air National Guard experienced similar growth during the same period, going from 93,379 to 112,592, making it the fifth largest air force in the world. Even though these achievements in strength are noteworthy, the Army National Guard failed to meet its paid end strength objective in 1986 by 4,302. Recruiting in today's strong economy is difficult and requires attractive incentives, sound marketing and advertising along with a professional recruiting force.

I urge you to continue your support for the Guard's strength increases. It is simply good business.

The average guard/reservist's salary -- roughly $7,000 -- is much less compared to that of his active counterpart (officers and enlisted combined) -- about $30,000. These figures, derived from the Office of the Assistant Secretary of Defense for Reserve Affairs, include military base pay and retirement benefits. They show how a larger Guard role in national defense saves the taxpayers money.

What is becoming evident is the significant impact the new GI Bill is having on retention and will have eventually upon recruiting. This incentive, which Congress has provided, not only brings and keeps people in the Guard but provides the basis for giving our Guard and our nation stronger, more productive citizens in or out of uniform.

However, manpower and resources mean little if we don't learn how to use them in the complex scenarios of the modern battlefield. This reality requires that Guard soldiers and airmen receive the absolute best training we can provide.

Before we discuss training, it is important to see the nature of the threat, for it is the threat that determines training and other aspects of readiness. As an integral part of the Total Force, the Guard has responsibilities for the full range of potential threats, including strategic, tactical, conventional, and terrorist (low-level). Our area of responsibility as part of the Total Force is literally most of the world, with special emphasis on Europe, Asia, the Middle East and Central America, as well as other volatile areas of the world.

The main potential enemy, the Soviet Union, is formidable indeed and fully capable of launching major attacks quickly with rapid reinforcement of reserves. Total Soviet military strength is about 5.7 million. Of these 5.7 million, 2.1 million are active reservists compared to our 1.6 million. In the Soviet Union, all eligible Soviet youths, by law, must serve at least two years of active duty. Conscripts are subsequently discharged into the reserves. Thus, the Soviets have a manpower base of 55 million men between the ages of 18 and 55. Of this base, 9 million have been discharged from active duty in the last five years, and periodically must undergo reserve training. Since only 2.1 million reserves are needed to bring the Soviet Armed Forces up to full strength, there is a ready, trained pool of potential reserves to create new units and provide replacements.

While mobilizing the more than 200 divisions of the Soviet Armed Forces would be difficult, their national mobilization plan would assimilate their reserves, train them for combat if necessary, and be ready to conduct offensive operations in a matter of days. The Soviet forces would have enough available theater logistic stockpiles of supplies and ammunition to support Warsaw Pact military operations against NATO for 60 to 90 days.

Besides Europe, Soviet heavy military forces are deployed for operations in Northeast Asia and Southwest Asia. The size and combat power of these forces continue to increase under a program of expansion and modernization which began more than two decades ago. The Soviet goal is to execute "Theater Strategic" operations. These operations call for successive multiple front operations for 20-30 days, at depths up to 720 miles and frontages up to 430 miles, in nuclear, chemical or conventional environments.

There are also three Third World regions noncontiguous to the USSR that are areas of U.S.-Soviet competition. These are Southeast Asia, Central America, and Sub-Saharan Africa. The size and quality of Soviet light forces for projection into these areas, and their associated strategic lift have increased greatly over the last decade. These capabilities include Soviet naval forces, naval aviation, amphibious forces, airborne troops, and transport and strategic aviation. To further support their global aspirations, the Soviets also project military power beyond the periphery of the USSR through the provision of arms and advisors, access to overseas facilities, support to client states, "wars of national liberation," and use of client-state forces.

The threat of terrorism will continue to increase in both frequency and severity. The terrorist threat is global and includes this country. As acquisition of weapons of greater destructive potential becomes more desirable to terrorists, and as the goals of terrorists become more radical, our Armed Forces will become even greater targets for terrorist action.

It is against this backdrop that training of the National Guard must be considered, for these are the threats the Guard, as part of the Total Force, must be prepared to deter. The Guard must play an integral role in achieving the following objectives, 1) defend North America; 2) deter and, if deterrence fails, defeat a Warsaw Pact attack on NATO countries and restore territorial integrity and security; 3) deter Soviet aggression in Southwest Asia and protect U.S. and Western access to adequate supplies of Persian Gulf oil, also, deter Soviet aggression in the Pacific; 4) help developing nations in the Western Hemisphere, Europe, Asia and Africa defend against Soviet-sponsored or surrogate aggression; and 5) reverse the geographic expansion of Soviet control, and other hostile and military presence throughout the world, particularly where such presence threatens the geostrategic position of the United States.

To help achieve these objectives, the Army Guard over the last four years has been focused on accelerating the mobilization and deployment process. Consequently, the entire nature of the Army National Guard has changed. In contrast, the Air Guard effectiveness developed earlier. That's because it's been more closely related to the Air Force mission for some time, so its rapid mobilization capability came into fruition before the Army Guard's. Second, the size and complexity of the Army Guard's mobilization and deployment have required more time and resource allocation.

Since implementation of Capstone in 1979, the Army Guard relates its wartime missions to specific deployment dates, times and places of employment. This causes us to conduct training in a way our forefathers never had to address. The training of the Army and Air Guard today demands the same degree of professionalism in peacetime that would previously have been expected only in wartime. The transition from peace to war is now measured in hours and days.

Most Air Guard units must be mobilized within 72 hours. Likewise, many Army Guard units must be in place overseas within the first days of war. In 1976, Army Guard units averaged 90 to 120 days to deploy to fight. Today, they average about 60 days. The goal for 1992 is to be able to deploy the majority of the force to fight overseas within 30 days. Of the some 1,800 units scheduled to mobilize in the Army Guard, war plans call for 22 to deploy overseas within 24 hours. Another 447 are to be in place within 30 days. More than 1,200 are slated to be in position in 30 to 90 days.

Large groups such as brigades and divisions require the most planning and effort to mobilize. Of our 10 divisions, four are supposed to be in place between 30 and 60 days. Five more must be ready to fight overseas between 61 and 90 days after notice. Eight of the 14 separate brigades must be ready to fight in less than 60 days. By the way, these schedules leave almost no time for additional training after mobilization.

In essence, our war plans call for our divisions, brigades and battalions to arrive on the battlefield prepared to fight. The plain truth is that if they aren't ready, we lose the conventional war. So units must train to fight in the same large-scale configurations required in war.

The ability to achieve this degree of combat effectiveness requires Congress's continued support for school and special training funds to insure that our soldiers and airmen possess the requisite technical skills to employ modern, high technology equipment and support systems. We need your support to resource training of our large formations at places where the units full range of potential fighting capability can be tested, where commanders and staffs can practice real-distance command and control of their units, in scenarios that permit support troops to operate and maintain equipment in as close to combat conditions as possible. If timely and effective mobilization and deployment is a key element of our strategic planning, then it behooves us to be schooled and practiced in the art.

Accordingly, we have geometrically increased our overseas training for both the Army and Air National Guard. Since 1976, the Army Guard has increased the number of soldiers deploying overseas almost 10 fold. Last year, over 30,000 soldiers trained in 38 countries in all the previously mentioned strategic areas of the world. And larger units are deploying overseas. At last year's Reforger exercise with our NATO allies in Europe, Wisconsin's 32nd Mechanized Infantry Brigade became the first Guard unit of this size to deploy its equipment and soldiers overseas for training. This followed a full Wisconsin mobilization of Guard resources, which made this combined mobilization-deployment the first Army Guard training of this magnitude. Since 1983, nine Guard battalions have trained at the National Training Center. At the higher division level, California's 40th Mechanized Infantry Division leads the way followed by the Texas 49th Armored Division in proving our ability to train at this level in peacetime. In FY 88, the 47th Division of Minnesota, Iowa and Illinois is scheduled for division-level annual training via an innovative satellite link to coordinate three major training sites. This is a great start, but we must train to mobilize and deploy at those levels prescribed in our war plans.

On the Air side, the last decade has seen a quadrupling of airmen training overseas, with more than 17,000 going to 17 countries in 1986. This doesn't include the many Air Guardsmen and units which for years have been actively fulfilling Air Force real-world commitments.

Because of the sophistication of their weapons and equipment, members of the Air Guard are mainly trained to hone technical skills. These are expensive skills to keep honed and exercised.

While Army Guardsmen must learn technical skills, too, they also have to learn how to survive on a very deadly battlefield. Recognizing that as we train units to meet war plan requirements, we must be certain that small team and individual skills are learned and sustained. To do this, we have established training programs at both Gowen Field in Idaho for tankers through the Tank Commanders Course, and the Battle Skills Course at Little Rock, Ark., focused on training in infantry skills for all military specialties. These courses permit our soldiers to stay proficient in essential combat skills at courses designed to accommodate to their available time. We encourage attendance at the Air Assault Courses and other Army and Air Force courses that improve fighting capabilities. The Key Personnel Upgrade Program is ideally designed to give Army Guard members additional experience in their military speciality alongside their active counterparts overseas and in CONUS. Last year, over 25,000 Guardsmen took advantage of this program.

Because members of the Guard are only required to train 39 days a year, they have to make the most of their training opportunities. The key to giving guardsmen quality training and leadership is to maintain a highly skilled, full-time force of Active Guard/Reserves, military technicians, active military personnel and civilians. Full-time personnel help organize, administer, recruit and train all Guard members. Full-time Army Guard support is projected to reach 53,379 by the end of this fiscal year, a substantial increase from the full-time force of 27,688 in FY 74.

The Air Guard's full-time strength is projected to reach 30,459 this fiscal year, making up about 26 percent of the Air Guard's force.

These are but some of the initiatives, detailed in the Army and Air Guard congressional reports. I am often asked if I have confidence that guardsmen training only a relatively few days a year can be entrusted with national security responsibility. Although guardsmen are only required to train 39 days a year, most actually go above and beyond the call of duty. The availability of school and special training funding provided by Congress has enabled the average Army Guard enlisted soldier to train 47 days a year, the average officer, 80 days. That guardsmen currently serve between seven and eight years means they cumulatively give the Army Guard an experienced force better prepared than any peacetime force in our history. Just multiply those 47 and 80 days by eight and add four to six months for basic and advanced individual training. That is why retention is so important. As more and more Guardsmen experience mobilization and deployment exercises, along with environmental training in areas of potential wartime assignment, and as these varied military experiences accumulate, the professional military differences between regulars and reserve-force personnel are narrowed.

Air Guard members have even more experience, as 60 percent come from the Air Force. Proportionally, there are more airmen still in flying billets who are Vietnam veterans with 2,000 hours flying experience who are in the Guard than the Air Force. We are giving the American people a force worthy of their confidence and trust.

As Guard members devote more time to military duties, there is often a conflict between employers or the family and the Guard member. We must be sensitive to time demands. Commanders and leaders must regularly review additional training requirements to be certain the extra training is necessary, cannot be conducted or integrated into scheduled training and is superbly presented to ensure the soldier departs the training satisfied that time has been profitably spent.

Modern equipment continues to be a readiness inhibitor to both the Army and Air National Guard. The directors of the respective services will describe these shortages in their statements. Although the Guard is better equipped today than anytime in its history, the Guard's inventory is predominantly of older equipment. As this reduces performance of our units, it also highlights the need for continued support for spare parts and other maintenance systems to assure the continued operability of our assets. Not only parts and supplies to our units, but the availability of these resources in the services supply systems to sustain operations in overseas locations is essential. We ask you to assist in this vital area of readiness which is often overlooked in favor of more exciting matters, but upon which the combat effectiveness of our forces is hinged.

The reliance upon the Guard is clearly expanded. The members of Congress have strongly supported this and have reflected their confidence in the citizen soldier concept upon which this nation's defense has been built. I believe we have repaid your confidence through the demonstration of our abilities to achieve results when properly resourced and led by trained and experienced officers and NCOs.

As the tempo of training and operations continues, the facilities built to meet the needs of the past are failing to satisfy the demands of today. Both the Army and Air Guard require complexes which permit practice in fire and maneuver. Army Guard units need ranges and outdoor training areas close to their homes. Air guardsmen need shops and hangars to service new generations of aircraft. We all need modern facilities to manage our far flung force and to offer our soldiers and airmen clean and orderly areas to work. These facilities will lead to increased productivity and enable us to capture today's technology to support our activities at lower cost with fewer people.

A bonus effect of this improved and modern National Guard is the benefits our citizens receive when their homes and families are threatened by local emergencies and disasters. Never a day goes by that you will not find National Guardsmen on duty somewhere in America serving their fellow citizens in time of need. Forest fires to floods, earthquakes, water hauls, hurricanes and snow emergencies are all events that bring Guardsmen to the service of their communities.

We are proud of our record and accomplishments and look forward to the future with confidence. For we have proven that our nation's reliance upon the Guard is being well served.

PREPARED STATEMENT OF BRIG. GEN. RICHARD D. DEAN

Acting Director, Army National Guard
Department of the Army

INTRODUCTION

The National Guard celebrated its 350th anniversary in 1986. It was a time for celebration; a time for looking back and remembering. The National Guard traditions of neighbor helping neighbor and citizen/soldiers fighting for the defense of freedom existed even before the U.S. Constitution was written and ratified. With the adoption of the Constitution, the founding fathers in their wisdom chose to continue their reliance on the militia as the backbone for this country's defense. After all, the militia had served them well. The army on-call, the citizen soldier, had fought and won the war that provided the independence of this country and the freedoms that are so precious to us all.

From the beginning the National Guard has engaged in every major conflict in defense of those same freedoms for which the colonial militia so valiantly fought. The Guard has also carried on the tradition of neighbor helping neighbor. Time and again over the years the Guard has been callled upon to assist during floods, tornados, other natural disasters, and civil unrest.

The 350th anniversary year also was a time in which the National Guard looked forward. Today, more than ever, this country relies upon the Guard to provide the strength required to maintain a military posture which leaves no doubt in the minds of our potential adversaries as to what our position will be if freedom is threatened (See Chart 1). In the tradition of the founding fathers who relied upon a ready militia, our country is relying more and more on the Guard. Missions assigned previously to active component elements of the Army are now being regularly assigned to the National Guard.

Chart 1

RECAP COMBAT CAPABILITY OF THE TOTAL ARMY
THE ARNG HAS APPROXIMATELY:

O 36% OF COMBAT DIVISIONS
O 67% OF SEPARATE/ROUNDOUT BRIGADES
O 25% OF SPECIAL FORCES GROUPS
O 50% OF INFANTRY BATTALIONS*
O 100% OF INFANTRY BATTALIONS (TLAT) (4)
O 100% OF INFANTRY BATTALIONS (MOUNTAIN) (1)
O 100% OF INFANTRY GROUPS (SCOUT)
O 44% OF ARMORED BATTALIONS
O 57% OF ARMORED CAVALRY REGIMENTS
O 50% OF FIELD ARTILLERY BATTALIONS*
O 36% OF SIGNAL BATTALIONS
O 41% OF ENGINEER BATTALIONS
O 33% OF AVIATION UNITS
*INCLUDES ORGANIC AND SEPARATE

Today, National Guard soldiers in 4,464 units throughout 2,680 communities of this nation, understand the importance of this new reliance. In the tradition of generations of their forefathers, they are taking up the challange. Like their forefathers who fought at Bunker Hill, New Orleans, the Meuse Argonne, Normandy, Old Baldy, and Pleiku, they are dedicated to being professional in every sense.

The intensified training Guard soldiers are receiving and the modern equipment being provided, have given the Guard a foundation for winning which is seldom found even among many of the regular forces of the world's armies. Through the continued cooperation of Congress, the Department of Defense, the Department of the Army, and the states and territories, the Guard will continue to be a full, reliable partner in this nation's defense team. Like the proud and dedicated militiamen before, the Army National Guard soldier of today is ready if needed.

STATE MISSION

The National Guard's 350th Anniversary year, once again found ever increasing requests for Guard support throughout the United States. These requests resulted from all types of emergencies. Support to combating the trafficking of illegal drugs in the United States has become an emergency of large proportion. FY 86 saw a quantum increase in support to drug control operations by the National Guard. To this end, 19 states conducted 230 missions in support of drug enforcement agencies. The execution of these missons resulted in the confiscation or destruction of 1,149,644 plants and 80 tons of marijuana, having a street value of approximately $1,064,733,311; a significant contribution. The Guard continued to assist civil authorities in preserving life, protecting property, and helping maintain law and order.

During FY 86, 44 states and two territories relied on the expertise and responsiveness of the National Guard to provide support during 531 separate emergencies. A variety of natural disasters required the assistance of these citizen soldiers. This support ranged from finding and rescuing persons stranded by snow storms, to recovery operations following floods, tornados, and hurricanes. In addition, forest fires in the western states during the summer months resulted in a significant number of callups. Humanitarian missions conducted included stream maintenance; search and rescue; assistance in cleaning up chemical spills; and providing emergency power, potable water, housing for the homeless, and medical evacuation. Requests for specialized equipment and personnel for a variety of other emergencies continue to increase, reflecting public acceptance and dependence on the National Guard as the first line of defense against disasters, both natural and man-made.

FEDERAL MISSION

ORGANIZING THE GUARD

Forty-three percent of the combat forces and twenty percent of the support forces within the Total Army are provided by the Army National Guard. Major units comprising the Total Army force structure include ten combat divisions, fourteen separate brigades, four armored cavalry regiments, an infantry scout group, two special forces groups, four TOW (Tube-launched, Optically-tracked, Wire command-link guided) light anti-tank battalions, four roundout brigades, and six roundout battalions. In the event of mobilization, eighteen of the twenty-eight Army divisions would be manned wholly or in part by the Army National Guard. Chart 2 provides a complete list of major Army National Guard organizations and roundout units.

Significant force structure actions in FY 86 continued to revolve around the organization of the Army Guard's two newest divisions: the 35th Infantry Division (Mechanized), headquartered at Fort Leavenworth, Kansas, and the 29th Infantry Division (Light), headquartered at Fort Belvoir, Virginia. The 35th Division, made up of units from Colorado, Kansas, Kentucky, Missouri, and Nebraska, converted maneuver brigades to organic divisional structure and the Division Artillery activated with existing field artillery battalions converting to divisional organization. The Combat Aviation Brigade also activated along with the divisional cavalry squadron. With the activation of an armored battalion and a target acquisition battery in FY 87, the 35th Division will be fully structured, except for its air defense artillery battalion. Organization of the 29th Division continued in FY 86 by forming a division nucleus from the consolidation of two separate infantry brigades:

Maryland's 58th Infantry and Virginia's 116th Infantry. Other division elements were organized through the activation and conversion of existing units in Maryland and Virginia. Chart 3 provides a more complete picture of the numbers of unit changes taking place.

Chart 2

MAJOR ARMY NATIONAL GUARD ORGANIZATIONS AND ROUNDOUT UNITS END OF FY 86

DIVISIONS (10)

49TH ARMORED	TX-NM	26TH INFANTRY	MA-CT-SC
50TH ARMORED	NJ-VT-NM	28TH INFATNRY	PA-VA
35TH INFANTRY (M)	CO-KS-KY-MO-NE	38TH INFANTRY	IN-MI-OH
40TH INFANTRY (M)	CA-NV-NM	42ND INFANTRY	NY-FL
29TH INFANTRY (L)	MD-VA	47TH INFANTRY	MN-IL-IA-NM

SEPARATE BRIGADES (14)

30TH ARMORED	TN
31ST ARMORED	AL
30TH INFANTRY (M)	NC
32ND INFANTRY (M)	WI
81ST INFANTRY (M)	WA
218TH INFANTRY (M)	SC
29TH INFANTRY	HI
33D INFANTRY	IL
39TH INFANTRY	AR
41ST INFANTRY	OR
45TH INFANTRY	OK
53D INFANTRY	FL
73D INFANTRY	OH
92D INFANTRY	PR

DIVISIONAL ROUNDOUT BRIGADES (4)

48TH INFANTRY (M) (24 ID M)	GA
256TH INFANTRY (M) (5 ID M)	LA
27TH INFANTRY (L) (10 ID L)	NY
155TH ARMORED (1 CAV)	MS

BATTALION ROUNDOUTS (7)

2-136 INFANTRY (M) (1 ID M)	MN
2-120 INFANTRY (M) (4 ID M)	NC
3-141 INFANTRY (M) (1 CAV)	TX
1-263 ARMOR (1 CAV)	SC
2-152 ARMOR (5 ID M	AL
1-252 ARMOR (2 ID	NC

ARMORED CAVALRY REGIMENTS (4)

107TH ACR	OH-WV
116TH ACR	ID-OR-MS
163D ACR	MT-TX
278TH ACR	TN

SEPARATE BATTALIONS (2)

1-210 ARMOR	NY
3-172 INFANTRY (MOUNTAIN)	VT-ME-NH-NY
1-803 ARMOR	WA

Chart 3

UNIT ACTIVATIONS/INACTIVATIONS/CONVERSIONS/ALO CHANGES

	ACTUAL		PLANNED		
	FY 85	FY 86	FY 87	FY 88	FY 89
ACTIVATIONS	27	99	117	100	150
INACTIVATIONS	7	49	20	17	51
CONVERSIONS	207	72	173	141	212
ALO CHANGES	230	55	59	17	82

New Mexico's 5th Battalion, 200th Air Defense Artillery (Roland), completed the organization of its headquarters and headquarters battery and three firing batteries and became fully operational in FY 86.

Three Army Guard heavy divisions completed their conversion to the Division 86 design in FY 86 with formation of their Combat Aviation Brigades, modernizing both attack and lift capabilities. Division 86 changes provide divisions with a capability to fight all aspects of the Airland Battle.

Oregon's 41st Infantry Brigade completed conversion from a roundout to a roundup mission in FY 86 as the 7th Division converted to a light infantry configuration. The 41st Brigade will maintain its current resource priority and training relationship with the 7th Division, but will become a corps rather than divisional asset.

Other FY 86 actions involved the roundout roles for two Army National Guard brigades. New York's 27th Infantry Brigade converted from a divisional brigade and assumed a roundout mission with 10th Mountain Division (Light Infantry) in April 1986. The organization of a replacement brigade for the 42nd Infantry Division occurred in Oct 86. One infantry battalion will activate in FY 88. Hawaii's 29th Infantry Brigade transitioned from a roundout to a roundup mission as the 25th Division converted to Light Infantry. The 29th Brigade, also, will maintain its current resource priority and training relationship with 25th Division, but will be a corps rather than a divisional asset.

Force structure actions in FY 87 will concentrate heavily on aviation force modernization. Aviation support for five Army Guard Infantry Divisions will be modernized with the activation of Divisional Combat Aviation Brigades. At corps level, five attack helicopter battalions and five combat aviation battalions will be formed largely from existing units. Other actions involve conversion of the only TOW Light Anti-tank Battalions (TLAT) in the Total Army to modernized structure, authorizing them new High Mobility Multi-purpose Wheeled Vehicles (HMMWV'S). Modernization of six ARNG armor and mechanized infantry separate brigades and conversion of two Armored Cavalry Regiments (ACR) will also occur in FY 87. These ACRs will reorganize into the Division 86 configuration and each will activate a combat support squadron. Additionally, they will consolidate their aviation assets into regimental combat aviation squadrons. One ADA battalion with Hawk missiles will activate during FY 87 and modernization of "Duster" units to Chaparral will continue with a second battalion being converted.

FY 88 force structure will concentrate with echelons above divisions. An AH-64 Attack Helicopter Battalion and five aviation headquarters will activate in corps structure. A Multiple Launch Rocket System Battalion will activate, the first in the ARNG. Utah's 142nd Linguist Battalion will expand and convert from a TDA to an MTOE organization. ARNG Engineer Topographic Units will implement the "L" series TOE design and two new hospitals will be added to the ARNG medical structure.

MANNING THE GUARD

In keeping with the highest traditions of being an all-volunteer force, the ARNG once again extablished new records for paid end strength. After beginning the year with 439,952 soldiers, the year closed with an additional 6,200 in the ranks. This was achieved through an aggressive recruiting and retention program which has consistently produced outstanding results for the Army Guard. The growth in ARNG Strength is depicted below in Chart 4. This growth serves to highlight a continuation of the policy of reliance on the Guard to defend this nation and freedom around the world. The Guard is no longer a "back-up" or even an augmentation, but now serves as a full partner in this nation's defense forces. This growth in the strength of ARNG forces must continue into FY 88 and FY 89 and beyond.

Chart 4

ARNG PAID STRENGTH

FY	OFF	ENL	TOT	TOTAL INCREASE	TOTAL AGR
73	34.3	306.7	341.0	-	-
79	35.8	309.7	345.5	4.5	1,098
80	37.3	329.3	366.6	21.1	6,244
81	38.4	350.6	389.0	22.4	10,052
82	40.4	367.2	407.6	18.6	11,374
83	41.7	375.5	417.2	9.6	13,757
84	41.8	392.4	434.3	17.1	16,656
85	42.3	397.6	440.0	5.7	21,059
86	44.0	402.6	446.2	6.2	23,780
87	44.5	408.1	452.7	6.5	25,060
88	45.4	413.4	458.8	6.1	26,389
89	46.3	418.6	464.9	6.1	27,718

Officer Management Programs

The end of FY 86 officer strength was 43,566 or 99% of objective and represented a 3% net growth over FY 85. This performance was the best since 1983 when 99.7% of the objective was achieved. This can be attributed to several factors including enhanced officer recruiting, improved retention efforts, excellent performance by the ARNG Lieutenants Management Team (ALMT), and record production from the State OCS program. These efforts were aided by enhanced overstrength policies which resulted in 5,240 total officer gains or 93% of programmed, up from 5,125 (80%) in FY 85. Total losses of 3,868 were 98% of the 3,944 programmed compared to 4,632 in FY 85. The resulting overall 9% officer loss rate was a notable improvement over the 11% FY 85 rate.

Total FY officer accessions were significantly below program with the shortfall of appointments from ROTC being a major contributor. Only 507 of 1,312 projected gains were realized. However, much improvement is anticipated during FY 87. During FY 86, the STates continued to enhance their support of the Two-Year Army ROTC Reserve Forces Duty (RFD) Scholarship Program continues to show improvement. This program allows recipients to perform their obligated service in the Reserve Components (RC).

During SY 86-7, 117 scholarships were awarded to members of the ARNG against a program allocation of 108. This translated into a 108% utilization rate compared to an 82% utilization rate in SY 85-6. Efforts continue to secure expansion of this program to offer three-year and four-year scholarships for the Guard. This initiative is needed to enhance ARNG recruitment of personnel with science and mathematics skills to meet future demands for high technology qualified officers. Actual implemenation is not anticipated before FY 88 or FY 89.

State OCS production was outstanding! OCS Class 1986 graduated the largest class since school year (SY 78). Reinstitution of State OCS annual production mission to 1,400 for the remainder of the POM period validated the OCS program as a viable source for quality junior officers. Increased emphasis in FY 86 resulted in the largest initial class enrollment since 1982. Final graduation for State OCS class 1986 was 1,556 candidates of which 1,405 were appointed in ARNG units. Those not commissioned received certificates of eligibility good for two years. State OCS class 1986 achieved a final attrition rate of 38% which was the lowest ever achieved. This accomplishment reflects the quality of the current OCS graduates and can be directly attributed to higher educational appointment requirements. A policy implemented in FY 83 will require two years of college by FY 89 as a qualification for appointment. Due to projected ROTC shortages through FY 90, State OCS appointments are expected to equal or exceed ROTC accessions. Performances during FY 85 and FY 86 indicate that the State OCS system must be relied upon to help meet ARNG officers needs in both the near and long term. The chart (5) below shows the source of all ARNG commissioned officer gains.

Chart 5

ARNG COMMISSIONED OFFICER GAINS

	FY 83	FY 84	FY 85	FY 86	FY 87*
ROTC 1	1,966	1,621	1,312	507	1,370
STATE OCS	1,423	1,236	1,147	1,405	1,400
RC OCS	230	101	93	119	147
USAR TRF	558	410	895	2,098	915
OTHER**	486	541	604	795	618
TOTAL	4,663	3,909	4,051	4,924	4,450

* PROJECTED

** INCLUDES DIRECT APPOINTMENTS; ACTIVE COMPONENT OCS GRADS OF BRANCH IMMATERIAL OFFICER CANDIDATE COURSE; RETURN FROM EAD, USMA GRADUATES, ETC.

In addition to the previously mentioned ROTC shortage, another factor that contributed to the overall officer deficit was the reduction of warrant officer (WO) appointments caused by the implementation of the Warrant Officer Training System (WOTS). This program ended the direct appointment authority for technical service skill WO and implemented a three-phased training and certification process which takes approximately three years to complete. Actions are continuing to develop alternatives to the WOTS process.

The chronic shortages of Combat Arms captains and Medical Corps officers also contributed to the overall shortage. ROTC is expected to remain an important long-term source for lieutenants. Future strength and accessions policies will continue to encourage aggressive, innovative recruiting and retention measures to meet required end strengths. Army Medical Department (AMEDD) accessions are likely to remain short of programmed, but special efforts by AMEDD full-time recruiters are expected to continue reducing the deficit. Achievement of the FY 87 objective and beyond will require continued emphasis on these programs to maximize all recruiting opportunities.

The Army National Guard Lieutenants Management Team (ALMT), implemented in July 1985, was a true success story in 1986. ALMT was formed to serve a dual function; first screen the IRR for company grade officers to fill current ARNG vacancies and second to serve as a national referral agency for procurring Reserve Forces Duty (RFD) lieutenants into the ARNG. The 1986 RFD board netted the referral of 950 lieutenants to the Army National Guard. Six months later 507 of those referrals had become accessions. The IRR was successfully screened and resulted in the accession of 1,434 officers. Many of these IRR officers were 2LTs from the previous year that had not yet become active in Reserve units. The IRR and RFD board accessions together netted a gain of 1941 officers for the ARNG in FY 86. At the end of FY 86, this 3-man team was converted from short tour status to long tour AGR management.

Enlisted Management Programs

Enlisted strength in the ARNG grew by 5,015 in FY 86. Enlisted gains in FY 86 offset losses by 10.6%. Gains were also noted in the enlisted female strength of the ARNG that grew by 3.9% or by 811 female soldiers. This increase in female enlisted strength is a positive trend considering that 66% of the positions in the ARNG are closed to the assignment of female soldiers. Female enlisted strength at the end of FY 86 was 5.3% of the total enlisted strength. Chart 6 shows the growth in female strength and the relative strength of both officer and enlisted ranks.

Chart 6

FEMALE STRENGTH

	FY 83	FY 84	FY 85	FY 86	FY 87
OFFICERS	2,051	2,073	2,209	2,435	2,300
ENLISTED	20,012	20,465	20,586	21,397	21,800
TOTAL	22,063	22,538	22,795	23,832	24,100
% BELOW REFLECT FEMALE STRENGTH AS A % OF TOTAL ARNG STRENGTH FOR OFFICERS, ENLISTED, & OVERALL					
% OF OFF STR	4.9	5.0	5.2	5.6	5.2
% OF ENL STR	5.3	5.2	5.2	5.3	5.3
% OF TOT STR	5.3	5.2	5.2	5.3	5.2

Minority enlisted gains (Chart 7) in FY 86 were 3.1% greater than losses or 182 soldiers. Black enlisted strength grew by 1% or 775 soldiers. Black enlisted strength at the end of FY 86 was 18.4% of the total ARNG enlisted strength.

Chart 7

ARNG MINORITY STRENGTH - FY 86

	OFF	ENL	TOTAL	PERCENT OF PAID STRENGTH
BLACK	2,208	73,877	76,085	17.0%
OTHER	2,239	34,951	37,190	8.3%
TOTAL	4,447	108,828	113,275	25.3%

The beginning of a new era in the Army National Guard (ARNG) In-Service Recruiting (ISR) Program began on 5 May 1986. Personnel separating from active duty with the Regular Army who desire membership in the ARNG are now able to enlist directly into units of the ARNG under the In-Service Recruiting Direct Enlistment Program. During the period of May - Sep 86, the program produced 2,355 enlistments for 52 of the participating states and territories. The programmed objective for ARNG ISR direct enlistments for FY 87 is 10,000 and FY 88 is 10,000 anticipating no additional ISR personnel increases.

Enlisted accessions (Chart 8) for FY 86 totaled 82,763. Considering that the states received no additional production recruiter assets in FY 86, the total accessions for FY 86 paralleled the FY 85 achievement of 82,952. An aggressive High School recruiting program resulted in 88% of all non-prior service (NPS) enlistments for FY 86 being High School Diploma Graduates. This was 13% better than the goal of 75%. The total programmed FY 86 accession objective of 92,500 was based on receiving additional recruiter assets which failed to materialize. The accession objective for FY 87, is 81,700. An issue impacting on FY 87 and FY 88 objective achievement is the military education program (MEP) requirement. Increased NCO education is significant to the mobilization readiness of the Army National Guard (ARNG). This positive impact on mobilization readiness outweighs the loss of 116 recruiter workyears which would have produced an anticipated 4,640 enlistments.

Chart 8

ENLISTED ACCESSIONS (000)

	FY 84	FY 85	FY 86	GOAL FY 87
NPS	46.1	39.4	44.3	47.0
PS	39.4	43.5	38.5	34.0
TOTAL	85.5	82.9	82.8	81.0

Recruiting Incentives

The Selected Reserve Incentive Program (SRIP) continues to be an extremely important tool for recruitment and retention of a quality force. It allows targeting personnel resources into high priority units and shortage skills. Currently, over 150,000 soldiers in the Army National Guard are participating in one of the SRIP categories. Chart 9 depicts the trend in bonus contracts signed in several categories. The FY 86 Department of Defense Authorization Act currently allows the SRIP to continue through 30 Sep 87. Other changes were increases in the Reenlistment Bonus and Affiliation Bonus, extension of the Student Loan Repayment Program as a permanent program, the addition of the Specialized Training Assistance Program (STRAP) which provides a stipend to medical personnel in a career necessary training program, and a Student Loan Repayment Program for Health Professionals. These changes will certainly enhance the viability of SRIP and continue to provide the vital and necessary tools required to attract and retain quality soldiers.

Chart 9

BONUS CONTRACTS SIGNED

	FY 82	FY 83	FY 84	FY 85	FY 86
ENLIST	15,415	18,727	21,007	13,293	21,201
ED ASSIST	2,922	3,737	3,816	2,835	0
REENLIST	13,299	15,020	13,315	12,139	21,748
AFFILIATION	2,820	2,410	2,020	4,176	2,400
	34,456	39,894	40,158	32,443	45,349

The New GI Bill (NGIB) began on 1 Jul 85 and will continue in the test phase until 30 Jun 88. The NGIB is the first GI Bill for members of the Selected Reserve. Unlike the Active Component GI Bill, the NGIB for the Selected Reserve must be used by the soldiers while they are in-service. If the soldier leaves the Selected Reserve, he will receive no more benefits. The NGIB provides benefits for those pursuing undergraduate degrees who take from a half to a full course load. Currently, the Army National Guard has over 16,000 participants.

Targeting attrition of soldiers in high risk categories of Expiration Term of Service (ETS) and manageable Non-ETS losses will continue to be two of our primary goals. FY 86 resulted in the lowest attrition rate the Army National Guard (ARNG) has ever achieved at 19.3%. This is a 7.7% reduction in ARNG attrition since FY 79. Our efforts during FY 87 and FY 88 will be directed toward issuing and monitoring individual state/territory Attrition Management Goals. The ARNG goal for FY 87 is 18.8% and for FY 88 will be 18.3%. Areas of special emphasis will be to encourage chain-of-command involvement in retention programs and attrition management. Continued emphasis will be given to "Operation Care" (Command Accountability Retention Effort), the soldier accountability effort at all levels of command utilizing existing retention resources.

Professional Development Programs

The future leaders of the ARNG must achieve the highest levels of education if they are to lead a better educated force. Beginning in 1989, all officers must have completed at least two years of college. Additionally, all State OCS graduates must have completed two years of college prior to appointment and all officers appointed after September 30, 1983 must have received a baccalaureate degree before appointment to the rank of Major.

The Army Continuing Education System (ACES) provides various educational opportunities to Army National Guard (ARNG) enlisted soldiers, warrant officers, and commissioned officers who attend school part-time in meeting the Total Army educational goals. The purpose of ACES is to provide part-time educational opportunities to ARNG soldiers who work full-time, attend school part-time, and are not covered by the Reserve Component GI Bill; e.g., high school completion, part-time undergraduate, and part-time graduate students. If individuals are receiving veterans benefits (any GI Bill) for education, they are not authorized to receive ACES benefits. ARNG commissioned officers incur a four year Selected Reserve service obligation following the last class taken.

The main concern in the Warrant Officer Training System (WOTS) is the requirement for entry level training. Warrant officer entry level training, which ended direct appointment, is now required prior to warrant officer appointment. Warrant officer candidates must undergo two training phases: Phase 1 is a 6-week resident course or a combination of 129 credit hours nonresident and 2-weeks resident Warrant Officer Entry Course (WOEC); Phase 2 consists of technical certification resident training provided by the MOS proponents. Current technical certification resident courses are too long for Reserve Component participation. To accommodate the Reserve Components, some of the MOS proponents have implemented or are in the process of developing interim methods for technical certification. In addition to interim technical certification methods, proponents are developing long-term methods for implementation by 1 Oct 88.

The Professional Development of Officers Study (PDOS) of Jan 85 recommended the tailoring of a Pre-Command Course (PCC) for Reserve Component battalion/brigade commanders. The PDOS recommended like training for both the Active Component (AC) and Reserve Component (RC) with the RC course structured to meet the unique needs of the RC officer as well as including RC specific premobilization training requirements. A flexible program was needed to assist AC/RC commanders in preparation for and discharge of responsibilities in anticipating and responding to the premobilization environment. AC/RC commanders needed to develop and maintain a common operational language for wartime missions. A modularized concept was formulated to use existing training opportunities and to supplement that training to meet RC specific topics. This concept divided training into segments enabling the RC commander to attend one or more modules, in any sequence, thus providing maximum flexibility for attendance.

The US Army Commanders Training Program (CTP) was thus developed. The CTP encompasses all AC and RC PCC, and related courses, and places them under one title. The AC/RC interface becomes very beneficial in that Guardsmen now are afforded the opportunity to receive identical commanders training as that provided their AC counterparts.

The most significant module of the CTP is the RC Unit Operations Course (UOC). This module provides ARNG battalion, group and brigade commanders ARNG tailored instruction in unit administrative areas of training, mobilization/deployment planning, force structure, logistics, property accountability, personnel management, staff management and supervision, recruiting and retention, public affairs, community relations, and update information on ARNG support of Total Army Programs.

The pilot course of the RC UOC was conducted at the Command and General Staff College, Ft Leavenworth, KS 21-22 Jun 86. A total of 46 RC officers attended.

The development of the training program for RC commanders encourages a lengthier view of commander training where battalion level and higher training is integrated under an Individual Training Program (ITP). This program more clearly defines the training available and provides a coherent method among the various modules. While reinforcing the AC/RC link in war preparation, the modularization allows the RC commander the most flexibility for attendance and the greatest opportunity for AC/RC interface.

Non-commissioned officer (NCO) training programs continue to provide candidates with an opportunity to participate in resident training courses that contain the latest tactics, doctrine and systems (See Chart 10). The Army's ability to field a combat ready force of well trained soldiers requires the graduation and sustainment of RC forces which can, on short notice, deploy, fight and win. Beginning in the first quarter FY 88 the Reserve Component Noncommissioned Officer Education System (RCNCOES) will be restructured to include job related tasks in addition to Army leadership, training and battle field survival skills.

Chart 10

NUMBER OF NCOs TRAINED

	PNOC	BNOC	ANOC	SNOC	TOTAL
FY 77	505	2,098	1,324	497	4,424
FY 78	418	2,362	2,176	1,304	6,260
FY 79	123	2,806	3,538	1,268	7,735
FY 80	242	2,530	2,291	1,967	7,030
FY 81	1,406	4,728	4,879	1,915	12,928
FY 82	1,642	5,285	5,296	1,504	13,727
FY 83	1,485	5,211	5,376	1,351	13,423
FY 84	6,569	9,899	7,903	2,270	26,641
FY 85	12,302	9,086	9,198	2,684	33,270
FY 86	*20,645		7,879	3,309	31,833
TOTALS	45,337	44,005	49,860	18,069	157,271

* PLDC WAS THE ONLY PRIMARY LEVEL NCO COURSE TAUGHT DURING FY 86.

The revised RCNCOES will consist of three levels of progressive NCO education to provide the necessary knowledge and skills required to train individuals and small units to go to war. The revised RCNCOES will include the Primary Leadership Development Course (PLDC), the Basic Noncommissioned Officer Course (BNCOC) and Advanced Noncommissioned Officers Course (ANCOC). Extensive resources have been dedicated to provide this training opportunity to all drilling Army Guard personnel.

The number of Army Guard soldiers graduating from RCNCOES courses continues to escalate consistent with increased emphasis on training to one army standard and added reliance on RC forces for its role in mobilization and deployment. During FY 86 36,700 personnel graduated from RCNCOES courses. This number exceeded our goal by approximately 2,000. This positive influence of RCNCOES graduates on unit readiness is recognized throughout the Army. The Army National Guard has increased its funding support to ensure that courses are conducted to accomodate student participation in appropriate RCNCOES courses. This will be done in a variety of training modes that include IDT/AT periods and centrally funded ARNG full-time Regional NCO schools conducted on a continuing cyclic basis throughout the year. This system is expected to continue to produce graduates that meet or exceed ARNG RCNCOES training goals.

In addition to RCNCOES Courses developed for the citizen soldier who are unable to leave their civilian vocation for extended periods we have set professional standards for our full-time NCO workforce which are the same as their active component counterparts. To accomplish these standards, Active Guard/Reserve (AGR) personnel must successfully complete active component NCOES courses appropriate to their current military grade and skill level as a condition of continued employment in the AGR workforce and to qualify for promotion to the next higher grade. Military Technician personnel must meet the same military education requirements for promotion to the next higher grade as AGR members are required to meet for continued employment and promotion. This is a career development program which provides educational milestones for the continued development of the Army National Guard full-time support force. During FY 86 approximately 5,000 AGR and Military Technician personnel successfully completed active component NCOES courses. Estimates indicate that this figure will double in FY 87 as the program is brought into full compliance. This program is providing a highly qualified NCO corps by requiring completion of appropriate level NCO courses. Actual unit vacancies, time-in-grade, and time-in-service requirements must be met, in addition to the military education requirements, for promotion of ARNG NCO's.

The Army National Guard Noncommissioned Officer Battle Skills Course (BSC) was developed to sustain combat skills among our NCO's. BSC is 152 hours of instruction over 15 days which is offered on a continuing basis at Camp Robinson, Arkansas. All ARNG NCO's (CPL or higher) are eligible to attend. BSC provides training in the technical and tactical employment of infantry squad and platoon weapons, live fire exercises with these weapons and the use of supporting weapons available to the infantry squad and platoon, and battlefield survival techniques. More than 4,500 Army Guard noncommissioned officers have graduated from the BSC. An additional 2,500 are expected to graduate in FY 87.

Full-time Support

The number of full-time support personnel in the Army National Guard at the end of FY 86 was 52,317. This represented approximately 80 percent of required full-time support strength. In FY 88, an increase of 491 military technicians and 1,329 Active Guard/Reserve (AGR) soldiers are being requested. This will allow the Army Guard to attain 78 percent of required strength.

Chart 11	FULL-TIME SUPPORT (FTS)			FY 85 - FY 91		AS OF 16 JAN 87	
	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
ARNG TECHNICIANS	25,494	27,376	27,129	27,620	28,120	28,620	29,120
NGB DA CIVILIANS	399	392	406	406	406	406	406
FTM	13,080	15,957	17,242	18,571	19,900	23,900	27,900
DAS3	431	459	486	486	486	486	486
ROLAND	332	336	336	336	336	336	336
RECRUITING	3,243	3,366	3,436	3,436	3,436	3,436	3,436
AMEDD	38	46	44	44	44	44	44
RETENTION	357	325	325	325	325	325	325
SIDPERS	469	513	504	504	504	504	504
READINESS SPT	2,341	1,818	1,727	1,727	1,727	1,727	1,727
TNG & LOG SPT	520	647	647	647	647	647	647
AUGMENTATION SPT	128	183	183	183	183	183	183
STAT TOURS	120	130	130	130	130	130	130
TOTAL AGR	21,059	23,780	25,060	26,389	27,718	31,718	35,718
ACTIVE FTM	200	136	138	138	138	138	138
ACTIVE SR ADVISORS	675	534	540	540	540	540	540
ACTIVE ARMY-IG's	36	39	44	44	44	44	44
ACTIVE-NGB	62	60	62	62	62	62	62
TOTAL ACTIVE	973	769	784	784	784	784	784
TOTAL FTS	47,925	52,317	53,379	55,199	57,028	61,528	66,028
PAID END STRENGTH	439,952	446,127	452,681	458,800	464,900	472,400	482,000
FTUS AS A % OF PAID END STR	10.9%	11.7%	11.8%	12.0%	12.3%	13.0%	13.7%

Continued growth in full-time support is representative of the emphasis being placed on transforming the Army National Guard into a fully trained, fully equipped, modern force capable of rapid mobilization and deployment. The full-time support force is the backbone of the Army National Guard. Its sole purpose is to provide essential daily support to our Guard. Chart 11 provides a complete breakout of the number of full-time support personnel and of the utilization of AGR personnel. The full-time force is responsible for obtaining and retaining the personnel to man ARNG units. Essential individual and team training for soldiers and units is provided by unit support and training site instructors and by highly skilled military technicians. Technicians also provide most of the required maintenance on the increasingly modern and technical weapons systems entering the ARNG. Additionally, the full-time force alleviates the administrative burdens which can detract from training by providing competent support of administrative and logistics activities. Finally, the full-time support force at higher echelon headquarters provides the necessary day-to-day program management which enables effective operations in this era of increased national security missions for the National Guard. In short, every member of the full-time support force is dedicated to assisting the units achieve their readiness objectives. All military technician and AGR personnel are fully eligible for mobilization and deployment with their units or as individuals.

New growth in the program in FY 88 will be used to support ARNG units fielding MLRS, AH-64 (Apache), M-1 (Abrams), M-2 (Bradley), Hawk, Chapparal, and Mobile Subscriber Equipment weapons and combat support systems. Also, new full-time personnel will be used to complete required staffing of existing ARNG units, thereby allowing these units to increase their efficiency.

In the FY 87 budget, Congress allowed for no growth in controlled grades for AGR promotions. This freeze will cause substantial turmoil among AGR soldiers and, most acutely, among officers. All ARNG soldiers eligible for promotion must occupy positions that require the next higher grade. Therefore, the freeze on controlled grades will result in the loss of many experienced and valuable full-time soldiers who, even though they occupy the position of the next higher grade, cannot be promoted, and, in many cases, will be manditorily removed from the rolls. Sufficient senior grade structure has been requested in the budget, but it will require full Congressional support.

Some Congressmen have expressed the idea that AGR ARNG full-time support missions could be accomplished by the Active Component (AC). However, based on Army National Guard experience over several years, AC soldiers working in ARNG units have, collectively, not been an effective force. AC soldiers are not used to being isolated from their support base. Life is difficult for them when they work in areas without provision for PX, commissary, medical support, and recreation facilities. Also, active component soldiers are not familiar with the ARNG operating environment, organizational culture, and older series equipment. They must learn these things and, in so doing, lose time away from their main support mission. Generally speaking, AC soldiers in ARNG units are not easily assimilated into units prior to their reassignment.

The Army National Guard has developed a well-trained, experienced, and professional full-time support force from within its own resources. Chart 12 below provides a profile of AGR soldiers compiled from a comprehensive evaluation of the AGR program in fifty-three states and territories. This information reveals that the AGR force is active, experienced, mobile, qualified in the position in which they work, mature, well-educated, and hard-working. This is the kind of workforce that can produce the full-time support that ARNG units need to be capable of accomplishing their wartime missions.

Chart 12 PROFILE OF THE AGR FORCE (1986)

TOTAL AGR SOLDIERS (on board mid 1985)		19,601
TOTAL AGR SOLDIERS INTERVIEWed - 11%		2,133
Officer	256	
Warrant Officer	69	
Enlisted	1,808	
INTERVIEW INFORMATION		
AVERAGE TIME IN CURRENT POSITION (months)		22.2
AVERAGE TIME IN AGR STATUS (months)		33.3
AVERAGE SERVICE ON ACTIVE DUTY (months)		29.1
AVERAGE SERVICE IN NATIONAL GUARD (months)		117.0
AVERAGE AGE (years)		35.0
AVERAGE CIVILIAN EDUCATION (years)		14.0
% QUALIFIED IN DUTY POSITION		85.0
AVERAGE HOURS WORKED PER WEEK		51.0
% WHICH WOULD RELOCATE OUT OF STATE		66.5

The simple fact is that the AGR force is an experienced, well-trained, and effective force for ARNG units. Recent reports support this. The 1985 General Accounting Office (GAO) report, "Problems in Implementing the Army's Reserve Component Full-Time Manning Program," recognized that the overall impression in the field is that units are more capable of accomplishing their missions. It further recognizes that this is because of increased ARNG full-time support and particularly the increased levels of AGR support. The FY 88 budget request was developed with these things in mind.

To effectively and efficiently use these full-time assets, a plan has been developed which guides the use and placement of full-time personnel. This plan is based on Congressional guidelines provided in 1982. Through experience and analysis, AGR soldiers have been better suited for providing direct, full-time support to units. Military technicians, by contrast, are best suited for employment in support activities, particularly maintenance activities and most headquarters positions. To achieve maximum benefit from the full-time support force, the functions of AGR soldiers and technicians should be separated by aligning each to those responsibilities which are in concert with the purpose of each type of full-time support. The GAO concurred with this approach in their report and recommended that Congress allow this alignment to be complete.

Such an alignment has not yet been implemented because of Congressional language prohibiting the movement of technical positions to support activities. This language should be revised to remove the prohibition on the movement of technician positions and allow the implementation of an effective mix-of-force as required by Congress in 1982 and endorsed by the GAO report.Movement of technical positions will not affect encumbered technicians in units. Only vacant technician positions will be moved to satisfy other requirements in support activities. Further, all efforts will be made to ensure that technician upward mobility and career progression is not negatively impacted by the shifting of positions.

EQUIPPING THE GUARD

Unprecedented actions have been taken over the last few years to provide modern equipment to the Army Guard (See Chart 13). Even so, equipment shortages still continue to be a problem. Soldiers who must endure battle deserve not only the best and most modern equipment, but a full complement of equipment to help ensure complete destruction of the enemy while minimizing the loss of our own soldiers. The highest priority equipment shortages continue to be air defense artillery, communications, aviation, field artillery, and medical equipment.

Chart 13 NEW/MODERN EQUIPMENT ISSUED TO ARNG UNITS

- 45 M60A3 TANKS TO GOWEN FIELD FOR M60A3 DET FY 86
- 12 M60A3 TANKS TO E/82 CAV TRP (OR) FY 86
- 56 M60A3 TANKS TO 1-103 AR BN (PA) FY 86
- 60 M60A3 TANKS TO 1-803 AR BN (WA) FY 86
- 60 M60A3 TANKS TO 1-303 AR BN (WA) FY 86
- 9 M60A3 TANKS TO 3/303 CAV TRP (WA) FY 86
- 19 M60A3 TANKS TO 1/104 CAV SQDN (PA) FY 86
- 45 M60A3 TANKS TO CP SHELBY FOR M60A3 DET FY 86
  (8 FROM A/240 CAV TRP (KY), 37 FROM MAINZ ARMY DEPOT)
- 62 BFVs TO 3-141 MECH BN (TX) FY 86

(chart continued on next page)

Chart 13
(con't)

NEW/MODERN EQUIPMENT ISSUED TO ARNG UNITS

- 32 BFVs TO 155 AR BDE (MS) FY 86
- 60 M60A3 TANKS TO 1-221 AR BN (NV) FY 87
- 45 M60A3 TANKS TO 1/278 AR CAV SQDN (TN) FY 87
- 45 M60A3 TANKS TO 2/278 AR CAV SQDN (TN) FY 87
- 45 M60A3 TANKS TO 3/278 AR CAV SQDN (TN) FY 87
- 60 M60A3 TANKS TO 1-252 AR BN (NC) FY 87
- 12 M60A3 TANKS TO E/151 CAV TRP (AR) FY 87
- 60 M60A3 TANKS TO 1-632 AR BN (WI) FY 87
- 9 M60A3 TANKS TO E/105 CAV TRP (WI) FY 87
- 60 M60A3 TANKS TO 1-210 AR BN (NY) FY 87
- 60 M60A3 TANKS TO 1-149 AR BN (CA) FY 87
- 60 M60A3 TANKS TO 1-185 AR BN (CA) FY 87
- 60 M60A3 TANKS TO 2-185 AR BN (CA) FY 87
- 60 M60A3 TANKS TO 3-185 AR BN (CA) FY 87
- 158 M60A3 TANKS TO 48 MECH BDE (GA) FY 87
- 63 BFVs TO 1-121 MECH BN (GA) FY 87
- 63 BFVs TO 2-121 MECH BN (GA) FY 87
- 6 BFVs TO 1-108 AR BN (GA) FY 87
- 6 BFVs TO 1-263 AR BN (SC) FY 87
- 20 BFVs TO E/348 CAV TRP (GA) FY 87

Ground Equipment

A proposal made in 1984 evolved into a final decision in May 1985 to accelerate modernization of the Army National Guard armor force. By the middle of FY 91, the Army Guard will be totally equipped with M1 Abrams tanks and M60A3 TTS (Tank Thermal Sight) tanks. Once the decision to modernize our armor force was made, we were immediately faced with the challenge of creating, manning, and equipping the two M60A3 Displaced Equipment Training (DET) sites to handle the monumental task of training more than 2,900 tank crews over a four year period. To date, that challenge has been met. The initial DET site at Gowen Field, Idaho, was fully operational in December 1985. The second DET site became fully operational at Camp Shelby, Mississippi, in August 1986.

We are also scheduled to receive 376 Bradley Fighting Vehicles (BFV) and 570 Improved TOW Vehicles (ITV) by FY 91. As of the end of FY 86, 157 BFVs and 70 ITVs have been delivered to the Army Guard. New Equipment Training (NET) is scheduled with the fielding of these systems in Guard units.

The Army National Guard has three field artillery modernization goals: first, increase the capabilities of firing units by replacing or modernizing old weapon systems; second, automate the fire direction capabilities of all units; and third, optimize the fire support capabilities of units. We have been successful in automating our fire direction capabilities. We are making progress in fielding the Battery Computer System (BCS); however, at the current rate, fielding will not be completed until FY 92. The Backup Computer System (BUCS), a hand held computer which is designed to backup the BCS in cases of power failure, has been fielded to all field artillery units. This system, although designed as a backup system, is now the primary automated means of fire direction in a majority of our units until the BCS is completely fielded in the Army Guard.

Modernization of artillery weapons systems continues to be a challenge. It was anticipated that all M-114 series (pre-Korean vintage) 155mm howitzers would be replaced by the M-198 (155mm) howitzer in general support units.

Funding limitations will require M-114 retention in the force for an indefinite period of time. The M-109 series 155mm self-propelled howitzers are still projected for fielding, reducing the current shortage by FY 92. Additional howitzers may become available through displacement from the Active Component if the Multiple Launch Rocket System (MLRS) procurement program continues. One corps level MLRS battalion is currently scheduled for fielding in the Army National Guard in FY 88. MLRS is not currently scheduled for delivery to ARNG divisions. Therefore, nine Army Guard divisions will not have the same capability as Active Component divisions. Procurement by Department of the Army of the British Light Gun (BLG) L-119 (105mm) is scheduled to begin in FY 87. The L-119 howitzer is projected for fielding to the units in our light infantry division and separate infantry brigades.

Modernization of fire support has shown the least progress in the overall modernization of field artillery, although tremendous improvement can be seen in units which have received the Fire Support Team Vehicle (FISTV). The FISTV provides the capability to direct high performance aircraft and laser guided munitions to a point target. Lack of additional fire support equipment hinders the total capability to optimize fire direction and howitzers. Fire support equipment, automated fire direction, and modern weapons systems such as the M-198 and MLRS are key to an effective artillery force.

The Army distributed equipment worth $1.6 Billion to the Army National Guard in FY 86, however, a $10.7 billion shortage of equipment still exists. The distributed equipment included such major systems as the M60A3 Tank Thermal Sight Tank, Bradley Fighting Vehicle (BFV), Improved TOW Vehicle (ITV), M-198 Howitzer, Battery Computer System (BCS), Chaparral, Heavy Expandable Mobility Tactical Truck (HEMTT), M923 5 Ton Cargo Truck, and the Commercial Utility Cargo Vehicle (CUCV). The Army projects equipment deliveries to the Army Guard worth $1.7 Billion in FY 87. In addition to these major systems, FY 87 and FY 88 deliveries will include the High Mobility Multipurpose Wheeled Vehicle (HMMWV), Firefinder, Chaparral, and the M1 Abrams tank.

Since FY 82, Congress has provided separate appropriations totaling $1,013.3 Million to the Army National Guard for procurement of miscellaneous equipment. These separately appropriated dollars have been used to improve near term readiness in early deploying Army Guard units. In FY 87, Congress provided a separate appropriation of $146.0 Million for procurement of equipment. This appropriation includes funding for UH-60 Blackhawk helicopters, M923 5 Ton Cargo trucks, Improved High Frequency Radios, training devices, M113 personnel carriers, and $44 Million for miscellaneous equipment. The FY 86 Congressional Dedicated Procurement Program has resourced and additional 316 M113 personnel carriers. This brings this line item to C-3 level of fill, however, a shortage of 1684 M113s still exists through 1989. The miscellaneous equipment funds will be utilized to procure Improved TOW Vehicle conversion kits and Fire Support Team Vehicles (FISTV) and for projects which will facilitate the improved delivery, storage, and maintenance of new equipment the Army Guard has received, in addition to improving ARNG training.

Communications-Electronics Equipment

Since May 1985, five of ten ARNG Divisional Signal Battalions have been equipped with multichannel Army Tactical Area Communications Systems. These systems were procured with funds made available by Congress for C-E equipment in 1979. The remaining five division signal battalions will be fielded by the close of FY 87.

The Alaska ARNG Arctic Scout Group (207th IN Gp) was fielded all new Improved High Frequency Radios (IHFR) for use in Scout reconnaissance and command and control operations. These were issued at the rate of one IHFR manpack radio per scout team with vehicular/tactical Operations Center mounted IHFR as base station radios. The IHFRs are much lighter, easier to tune, and have greatly improved reliability and maintainability. Subsequent fieldings will be to other high priority ARNG units including Roundout, Special Forces, and Long Range Surveillance units.

Mobile Subscriber Equipment (MSE) for ARNG Corps and Divisional Signal Battalions is on schedule as a Total Army program. ARNG units supporting III Corps will begin receiving MSE in FY 89 with other ARNG Signal Battalions receiving MSE afterwards, also on a corps fielding basis. The increased capability of the MSE system enhances the combat commander's ability to maneuver on the Airland battlefield while simultaneously maintaining effective command and control on a highly electronic battlefield. The synchronization of MSE, the ARNG Tank Modernization program, and Artillery upgrade will have a synergistic effect on both readiness and capability in ARNG combat units.

Combat Net Radio (CNR) COMSEC has been distributed to high priority ARNG combat units over the past year. These fieldings of airborne and ground based VINSON will continue with ARNG Divisions and command and control headquarters in FY 87.

The Army Guard Communications-Electronics modernization is accelerating with the additional funds realized through Congressionally Dedicated Procurement appropriations.

ADA Equipment

The majority of the Air Defense weapons systems in the ARNG is the aged Duster. The Duster is projected to remain in the ARNG inventory until approximately 1992. The ARNG has equipped four batteries with the Chaparral. Chaparral will be fielded to fifteen additional ARNG batteries by 1990. Nine batteries of Hawk systems are presently scheduled to be fielded by 1990. Four battalions of Dusters will convert to Gun/Stinger battalions in 1988.

Aviation

Currently, the ARNG has a requirement for 546 (attack, anti-tank) helicopters. This is an increase of 106 helicopters from the previous FY 86 requirement. The current ARNG AH-1S inventory is 167 aircraft. This total includes 49 fully modernized attack helicopters (FAH-1S) that were procured for the ARNG. This is the last of four consecutive Congressional initiatives (80-83) in which Congress approved the procurement of 52 AH-1S attack helicopters for the ARNG. Three AH-1Ss are still owed and are scheduled for delivery in FY 87. Additionally, Congress approved the modification of 87 AH-1G (older model) attack helicopters by providing funds for a 3 year program (FY 84-86) to upgrade the AH-1G to the AH-1S configuration. The first input of 29 AH-1G to the Bell Helicopter Plant began in FY 85 with continued input at the rate of 29 in FY 86 and 29 aircraft scheduled in FY 87. In FY 86, the ARNG received 11 of the (AH-1G to AH-1S) modified aircraft and is scheduled to receive an additional 47 aircraft in FY 87, followed by the remaining 29 modified aircraft in FY 88. In FY 86, 28 AH-1S helicopters were received from Army accounts. These aircraft are fallout aircraft that resulted from the fielding of the advanced attack helicopter (AH-64) to the Active Army. In FY 85 Congress directed the assignment of 18 AH-64 aircraft to the ARNG. Six of these aircraft will be assigned to the North Carolina ARNG in FY 87 and twelve additional in FY 88. These aircraft will be assigned to a Corps level attack helicopter battalion as will an additional 18 AH-64s directed by Congress for assignment to the ARNG in the FY 87 Authorization Act. Delivery of these aircraft is scheduled in FY88 to FY 89 to the Corps Attack Helicopter Battalion in South Carolina. In FY 88 the AH-1S inventory is scheduled to be 342 attack helicopters. The ARNG will still have a shortage of 266 aircraft in FY 87 and 195 attack helicopters in FY 88. The existing AH-1S shortage is presently being satisfied by 201 UH-1M substitute Vietnam era helicopters which have limited sustainability or anti-tank capability. Chart 14 provides a complete picture of attack helicopter requirements versus actual on hand.

Chart 14 ATTACK HELICOPTERS

	ON HAND END OF FY 86					
FY 87	AH1S		AUTHORIZED SUBS ON HAND			
REQ	MC	MOD	AH1G	TH1G	UH1M	TOTAL
546	49	118	23	1	201	392

PROJECTED FOR FIELDING

	AH1S		
	MC	MOD	AH64
FY 87	3	60	6
FY 88		50	24
TOTAL	3	110	30

DELIVERY OF AH1Gs TO BE CONVERTED TO AH1S;LAST 29 BEGINS FY 87

The ARNG has programmed requirements for 118 UH-60 helicopters by FY 89. In FY 85 Congress approved procurement of eight UH-60s for the ARNG. These aircraft were assigned to high priority units in Alaska, Kentucky, and Oklahoma. The Department of the Army has programmed the issue of 75 additional UH-60 helicopters by end of FY 91. The UH-60 inventory is scheduled to be 83 aircraft at the end of FY 91. The current inventory is 16 assigned UH-60 helicopters.

Congress approved the procurement of six C-12 aircraft in FY 85. Five of these aircraft were delivered in FY 86 and the remaining aircraft are scheduled for delivery in First Quarter FY 87. Congress also approved the procurement of six C-12 or (similar type aircraft depending upon the competive bidding processes) for the ARNG in FY 86. Delivery of these aircraft are scheduled in FY 87. Congress approved the procurement of C-12 aircraft for the ARNG in FY 82, 83, 85, and 86. Total C-12 inventory by end of FY 87 will be 24 assigned aircraft.

As a result of recent and past Congressional support, the ARNG has received several new aircraft systems which has allowed the ARNG to phase out older aircraft (aircraft over 20 years old). Aircraft safety, reliability, aircrew training, and recruiting/retention has been and will continue to be enhanced as new aircraft systems are introduced into the ARNG.

Organizational Clothing and Equipment

The Organizational Clothing and Equipment (OCE) Program continues to show improvement as shortages are being reduced in the significant areas of Chemical Defense Equipment (CDE) and Camouflage Support Systems. The Army

National Guard requisitioned 423,000 Battle Dress Overgarments (BDO) thru FY 86 of which 161,000 have been received. When received, the BDO will release the older type Chemical Protective Overgarment (CPO) for training. ARNG units have received approximately 40,000 camouflage support sets in FY 86. The fielding of Personnel Armor System, Ground Troop, is progressing with 189,000 received and 215,000 scheduled for delivery in FY 87. The fielding of the Combat Vehicle Crewman's Uniform System (CVC) begins in FY 87 with 14,500 sets scheduled for delivery.

The OCE modernization program is progressing. The Extended Cold Weather Clothing System (ECWCS), Aviation Survival Vest, Extreme Cold Weather Sleep System (ECWSS), Individual Tactical Load Bearing Vest (ITLBV), Field Pack with Internal Frame, Individual Multi-Purpose Shelter, Tactical Chemical Gloves, Aircrew Uniform Intergrated Battlefield (AUIB), Aircrew Uniform non-NBC, Ballistic Eye Protection, Cold Weather Aviation Parka, and the Multi-purpose Overboot (MULO) are being fielded. These items are Department of the Army developed systems and will be fielded to ARNG in FY 87-89. These modernization efforts are essential to ensure the ARNG is prepared and equipped for combat as an integral part of the Total Army.

Repair Parts

Army Guard repair parts funding requirements reflect maintenance costs directly related to the large quantity of ARNG equipment to be supported and to the repair of deterioration caused by the increased use of ARNG equipment to support training programs. The considerable resources appropriated in FY 86 and FY 87 to support the ARNG maintenance program have and will result in significant improvements to the ARNG equipment readiness posture. The FY 86 repair parts funding allocation of $209.1 million provided an increase of $34.2 million above the FY 85 level. The most notable FY 86 readiness improvement was realized in the increased stockage levels of combat essential prescribed load list (PLL) repair parts at the unit level. In addition, FY 86 funding was used to replace authorized stockage list (ASL) items consumed in FY 85. The FY 87 repair parts allocation of $246.8 million provides a significant increase of $37.7 million above the FY 86 funded level. This increase will be used to support projected increases in day-to-day maintenance operations and to increase ARNG repair parts stockage levels needed to support and improve mobilization and deployment readiness. The FY 88 programmed repair parts funding allocation of $223.2 million, however, provides a significant decrease of $23.6 million below the FY 87 allocation. The FY 88 funding level should provide adequate resources to fully support ARNG day-to-day maintenance operations, but, the decreased repair parts funding level programmed for FY 88 could result in a degraded ARNG materiel readiness posture. The most significant decrease in the ARNG readiness posture will be realized when unit on-hand repair parts stockage levels are depleted to near zero to prevent an unacceptable equipment readiness posture.

Depot Maintenance

The $72.6 million depot maintenance program funding allocation fully supports Army National Guard (ARNG) FY88 overhaul requirements. A series of fleet management depot rebuild programs designed to improve the mission capability of ARNG equipment will continue in FY88. Major rebuild programs are scheduled for aircraft, combat vehicles, missile systems, trucks, and medical equipment that will significantly improve ARNG equipment readiness. The ARNG rustproofing and rust repair program has improved the condition of truck bodies and chassis, extending the service life of tactical vehicles.

Significant aviation depot maintenance programs are planned for FY88 that will provide increased reliability of ARNG aircraft and enhance the readiness of aviation units. The ARNG depot maintenance program is one of the most important methods used to obtain continued improvement in the ARNG materiel readiness posture. This program provides the opportunity to maintain and sustain the older models of equipment in our inventory at the highest possible levels of readiness, until new replacement equipment can be issued.

GUARD FACILITIES

Military Construction/Facilities

Facilities construction and base operations programs continue the upward funding trends for support to missions and readiness goals of the Army National Guard. The major thrusts of the Military Construction program emphasize the new or modernized facility demands of the expanding force structure as well as the training and maintenance requirements generated by the influx of new combat and combat support equipment. The majority of the funding growth programed is to support force structure and training requirements.

The funding of the military construction program has increased over the past few years. However, the rate of increase has not been sufficient to overcome the aging and substandard condition of the facility inventory. Nor has it been sufficient to support the facilities required by new missions and force structure. Consequently, renewal of the existing facilities continues to be underfunded and the Army National Guard has been unable to reduce the backlog of construction (See Chart 15). The current replacement cycle is approximately 88 years based on the funding available maeasured against the construction need. An extensive amount of substandard conditions in the existing facilities inventory was uncovered during recent surveys conducted to determine the home station armory and support facilities needs of the expanded force structure. Requirements to correct these conditions has significantly increased this backlog to the current level of $2.1 billion. This requirement includes $1 billion for 788 new and replacement armory projects. The remainder consists fof over 500 projects for training sites, maintenance and aviation facilities, and for minor construction and design efforts. The minor construction needs, projects costing $400,000 and under, constitute $285 million of the overall requirement. The continued aging of the facility inventory can best be illustrated by the number of armories over 25 years old The number increased from 1,337 in 1982 to 1,867 in 1986. The total number of armories only increased by 150 during the same period. More of these older substandard armories must be replaced as mission and training demands increase. This, of course, adds to the armory backlog of construction. Continued use of the aging and often substandard facilities will only increase the requirement for additional maintenance, repair, and operations funds.

Chart 15

CONSTRUCTION BACKLOG

	FY 71		FY 86*		FY 88**	
Number Projects/$M	Proj.	$M	Proj.	$M	Proj.	$M
ARMORY	706	168	468	360	788	1030
NON ARMORY (LESS TRNG SITE)	225	53	140	120	266	622
TRAINING SITE	86	45	170	130	283	329
MINOR CONSTRUC/ PLANNING	-	35	-	290	-	500
TOTALS	1017	301	778	900	1337	2481

*ESTIMATED **NOT INCLUDING UNSPECIFIED LOCATION REQUIREMENTS

Command priority is being given to the force structure construction initiatives, such as the reorganization of the 29th Division (Light), the 35th Division (Mechanized), and the restructuring of combat aviation units. Armory construction projects authorized in the FY 1987 military construction program for units of the 29th Division will be reaching completion. Eighteen armory projects, including the headquarters for both divisions, are requested in the FY 88 and FY 89 construction programs. One-third of the 70 requested projects in the FY 88 program directly support units involved in force structure initiatives.

The program to modernize Army National Guard training capabilities is intended to maximize the training available for improving individual skills and unit readiness. Because of the limited time available to accomplish these training tasks, facilities must be designed to incorporate appropriate technologies to minimize nonproductive training time. New facilities programed for these purposes receive widespread support from the Army in terms of training device procurement and resources. In the fiscal year 1988 program, 20 projects and about a quarter of the requested funds for major construction are for training and training site improvements. The most visable of these projects is the multipurpose complex planned at Gowen Field, Idaho. This large range complex supports the goal to advance the combat training capabilities of the Army National Guard and other users. It permits training under simulated attack conditions for live-fire armor, artillery, attack gunship, and mechanized infantry maneuver units. A second similar range is programed later to be constructed at Camp Grayling, Michigan for training units from the eastern region of the United States. Other new range projects include the new automated rifle ranges developed for the Army. These are planned for construction at the larger Army National Guard training sites in Florida, Mississippi and Minnesota. The ranges fulfill the demands for increased numbers of Guardsmen and others to master and sustain necessary marksmanship skills. Other new facilities which support new missions include the first of a series of centers dedicated to the full-time training of maintenance personnel. These centers will be located in specific regions and, using actual equipment and simulators, provide the specialized training required to support the M1 "Abrams" tank, Bradley fighting vehicles and other modern combat weapons. For overnight stay requirements caused by the up-tempo in training, winterized barracks and support buildings for year round operations are to be constructed at Camp Dawson, West Virginia, Camp Ripley, Minnesota and Camp Grayling, Michigan.

Modernization of surface equipment maintenance facilities to increase productivity and equipment readiness commands special attention. The facility that is predominate to this effort is the organizational maintenance shop which supports the combat and support equipment at the unit level. These facilities provide individual units with the ability to maintain its equipment in a high state of readiness. At many of the existing facilities, maintenance must be performed exposed to the elements or in overcrowded and substandard conditions. This program is generally projects for the renewal of these facilities. The direct support or general support maintenance shops, such as the Mobilization and Training Equipment Shops (MATES) are being modernized with specialized maintenance work bays to support the new combat equipment like the M1 Tank.

Aviation support facilities are designed for both flight operation and training functions and for the maintenance of assigned aircraft. New and replacement facilities incorporate design provisions for the introduction of advanced aircraft such as the UH60 "Blackhawk" and AH64 "Apache" gunships. Most of the aviation construction projects requested in the fiscal year 1988 support force structure initiatives. Besides supporting the force structure requirement, an improved and expanded maintenance capability is provided. Also, these facilities support the same goals for productivity and equipment readiness as the surface equipment maintenance facilities renewal program.

Backlog of Maintenance and Repair (BMAR) Chart 16

The Army National Guard reported a backlog of Maintenance and Repair (BMAR) of $15.2 million (estimated) at the end of FY 78. During FY 78, the Army National Guard initiated an extensive study to establish an actual and more accurate BMAR. Initial and subsequent studies/results indicated the reported BMAR was too low. After comparing two collaborating BMAR reports (FY 78 and FY 79) from each State, the Army National Guard BMAR program was revised with new, more substantial projections being developed.

- The BMAR increased from $15.2 million (estimated) in FY 78 to $59.2 million (approved) at the end of FY 83.

- The increasing costs of utilities, labor, additional security and supplies have absorbed funds which otherwise would have been utilized for maintenance and repair. The result has been a rapidly growing backlog.

Chart 16 BACKLOG OF MAINTENANCE & REPAIR (BMAR)
($ IN MILLIONS)

	MAINTENANCE & REPAIR PROGRAM	BMAR END OF YEAR
FY 85	59.2	42.2
FY 86	58.3	36.9
FY 87	62.5	37.0
FY 88	85.1	35.0
FY 89	97.2	32.8
FY 90	105.9	30.5

BASED ON FUNDING LEVELS (PROJECTED), BMAR WILL BE REDUCED TO THE CONGRESSIONALLY MANDATED LEVEL IN FY 94.

INCLUDES FUNDING APPLIED DIRECTLY FOR BMAR REDUCTION.

New security measures are mandated for the safeguarding of aircraft and equipment to counteract the increasing threat of terrorism. Installation and monitoring of sophisticated electronic systems, such as remote low-light television and alarms, are costly and manpower intensive. Measures to strengthen existing security capabilities by increasing area lighting, fencing and installing electrically operated vehicle and aircraft gates have also increased the funding requirements for base operations programs.

Again in FY 86, funding was applied directly to BMAR reduction resulting in a $5.3 million reduction. At the end of FY 86, BMAR stood at $36 million. This reduction was based on a number of factors: fund migration, an aggressive program for BMAR reduction, facilities removed from support based on new construction coming on line, and direct application of all available funding to this program. Based on proposed funding levels as currently programed throughout the POM years, the ARNG will not meet the congressionally mandated level of $15.2 million until FY 94.

Army Backlog of Maintenance and Repair (ABMAR).

Maintenance and repair of State owned/operated armories, for which the States are 100% responsible, has not kept pace with current requirements. A study by the General Accounting Office (GAO) reflected the inadequacy of the maintenance and repair of armories. An Army backlog of maintenance and repair (ABMAR) was subsequently established for each State. Based upon the GAO report, the Congress authorized and appropriated $33 million in FY 86 to assist the States in operating and maintaining their armories in an effort to reduce ABMAR. This assistance resulted in many major maintenance and repair projects being undertaken at these facilities and aided in defraying utility costs. For FY 87, Congress authorized such additional funds as necessary to support increased Federal support to Army National Guard armories. However, no funds were appropriated for this purpose and the availability of future funding remains uncertain.

INFORMATION MANAGEMENT

In June 1986, the Army National Guard (ARNG) received $11.4 Million to upgrade current office equipment and procure additional microcomputers under an office of the Secretary of Defense initiative. This was the first phase of a three year program to provide office automation to the Army Guard. During fiscal year 1988 ARNG will procure 4,000 additional microcomputers using RC automation funds. This will provide office automation capability to Armory level for the first time, thereby providing a more responsive peacetime ability to report accurate and timely data to Army National Guard Commanders.

Additionally, the Army National Guard will continue to move forward to create data bases designed to provide more responsive information to active Army Systems. This will be done by implementing the ARNG Information Systems Plan for $8.7 Million in FY 88 and $15 Million in FY 89. The plan was developed over a period of eighteen months beginning in January 1984 and concluding in mid-1985. All 54 States and Territories participated in the development to assure that the complete information needs of the ARNG were identified. In FY 88 the plan will be updated to reflect the continuing evolution of the Guard's automation and information needs. The Information Systems Plan complements the Reserve Component Automation System (RCAS) which is being implemented by the Army. The Army National Guard will continue to work within the total Army Architecture to effectively manage information program of the ARNG.

TRAINING THE GUARD

Today's Army Guard is far removed from the old image of "weekend warrior." Instead, today's Guard soldiers are being trained with the intensity required of professionals who will go to war on a moment's notice. There will be no time to train after mobilization as 85% of the Guard is to deploy in 60 days or less. Consequently, the highly motivated men and women of the Army Guard are participating in meaningful and realistic training now - training which truly tests their stamina and skills.

Unit Training

The continuing high state of training readiness within ARNG units is demonstrated by the number and the roles of Guard units participating in Joint Chiefs of Staff and Army Major Command exercises. The FY 86 exercise program was exceptionally noteworthy for the Guard, as FY 86 became the first time that major ARNG combat units deployed personnel and equipment to Germany, Korea, Italy, Panama, and Honduras all in the same year. Another first was the deployment of a guard combat brigade with all its equipment to train in an overseas location. It also saw the largest Guard combat unit deployment to Korea and the first overseas deployment of a combat element from the unique 29th Light Infantry Division. Additionally, ARNG expanded its participation in both large and small scale exercises in Latin America.

The 32d Separate Infantry Brigade (Mechanized), Wisconsin Army National Guard, became the largest Reserve Component organization ever to deploy personnel and equipment for training outside the United States when it participated in exercise REFORGER '86. The 3,500 members of the 32d Brigade joined over 4,000 additional Guardsmen participating in REFORGER '86, including units drawing equipment from POMCUS (Prepositioned Organizational Material Configured in Unit Sets) stocks, shipping equipment, or sharing and borrowing equipment from active Army units stationed in Europe. For REFORGER '87, approximately 1,000 fewer people, but 18 more separate units, will participate. REFORGER '87 will also present unprecedented challenges for the ARNG, as a number of Guard units have been assigned critical exercise planning and coordination roles previously always accomplished by European-based active Army units. That reliance upon the Guard to execute such critical missions indicates the high degree of confidence accorded the ARNG by the active Army. See Chart 17 below for total deployment to overseas training.

Chart 17 OVERSEAS DEPLOYMENT TRAINING

	FY 85	FY 86	FY 87
UNITS/UNIT CELLS	865	1,109	1,046
PERSONNEL	25,717	27,617	26,130

Task Force 1-184, consisting of a full mechanized infantry battalion plus an attached tank company, combat engineer platoon, self-propelled artillery battery, and combat service support elements, from the California Army National Guard's 40th Infantry (Mechanized) Division became the first Guard combat unit to participate in the free world's largest annual joint/combined exercise series, TEAM SPIRIT '86. Over one hundred other Army National Guard units and unit cells participated in TEAM SPIRIT '86. Another task force from the 40th Division will deploy its personnel and equipment to TEAM SPIRIT '87, and will again be joined by approximately 100 additional Guard units and cells.

North Carolina's 30th Infantry (Mechanized) Brigade deployed a mechanized task force to Italy for exercise DISPLAY DETERMINATION '86. The 30th Brigade is the only US Army combat element to deploy personnel and equipment to Italy for that annual NATO exercise. Thirty-three other Army Guard units, representing the CAPSTONE alignment of the 30th Brigade, participated in DISPLAY DETERMINATION '86. In 1987, most of DISPLAY DETERMINATION will be conducted in Turkey, with Army Guard units deploying to Turkey to provide support for active Army combat units there.

Some 3,500 Army Guardsmen from 42 combat support and combat service support units participated in exercise GALLANT EAGLE '86. Army Guard units provided logistical support to Third US Army combat units.

An infantry battalion from Florida's 53d Infantry Brigade deployed to Panama for the annual US Southern Command exercise KINDLE LIBERTY. That Guard combat unit was joined by additional Guard units from Puerto Rico, and trained with the active Army's 193d Infantry Brigade from Panama. Both Florida and Puerto Rico ARNG units will also participate in KINDLE LIBERTY '87.

The Puerto Rico Army National Guard also played a leading role in exercise SOLID SHIELD. Infantry and supporting units from Puerto Rico's 92d Infantry Brigade trained primarily with the US Marine Corps in that annual Caribbean exercise in Puerto Rico. Another infantry battalion from the 92d Brigade, along with several other ARNG units, will participate in exercise SOLID SHIELD '88.

One of the most significant events of the FY 86 exercise program was the participation of Virginia's Company B, 1st Battalion, 116th Infantry, from the 29th Infantry Division (Light) in NATO exercise BLUE FOX '86. Company B's participation marked the first overseas deployment of an element from the 29th Division since its activation as a light infantry division. Company B also became the first Reserve Component combat unit and the first US Army unit for a number of years to train with the Norwegian Army in their major triennial exercise series.

BLAZING TRAILS, the umbrella title for all Reserve Component engineer exercises, expanded from one to two major exercise projects in FY 86. During FY 86, over 4,000 Guard personnel from 16 different states conducted engineer and logistical training in Panama and Hondorus. Another 5,500 Guard personnel will train in Central and South America during BLAZING TRAILS '87.

The Army National Guard participation in the Overseas Deployment Training Program reached new heights during FY 86, with 26,717 personnel from 1,107 units and unit cells training in 35 countries around the world. The Overseas Deployment Training continues to provide unique mission training, mobilization, and deployment benefits not available by any other means. More than 29,000 Guardsmen are currently scheduled to train worldwide under the Overseas Deployment Training Program in 1987.

Two Army National Guard battalions, the 2d Battalion, 156th Infantry, Louisiana ARNG, and the 1st Battalion, 263d Armor, South Carolina ARNG trained at the US Army National Training Center (NTC) at Fort Irwin, California in 1986. Fourteen other combat organizations trained at the NTC under the Leader Training Program during FY 86. FY 87 will be especially significant for ARNG training at the NTC, as Louisiana's 256th Infantry (Mechanized) Brigade becomes the first Reserve Component Brigade to plan, control, and conduct a full brigade training rotation at the NTC. In addition to the brigade training rotation, the 2d Battalion, 252d Armor from the North Carolina Army National Guard will train with the 1st Brigade, 2d Armor Division in a training rotation, and 14 more combat organizations will conduct Leader Training at the NTC. Additionally, five infantry companies and one combat engineer company will train with the Active Army Opposing Forces (OPFOR) detachment which is permanently stationed at the NTC.

Individual Training

The Army National Guard Key Personnel Update Program (KPUP) continues to be one of our most effective programs for increasing the individual proficiency of National Guard soldiers. Over 2,400 ARNG personnel teamed with active Army units stationed outside the United States under KPUP in FY 86. Other Guard personnel trained with their active Army counterparts covering almost the entire spectrum of military occupation specialities. Some 2,500 additional Guard personnel trained at the NTC under KPUP. New programs, oriented specifically on specialities difficult to train in the US, i.e., M-1 tank maintenance training, air traffic control training, and field chaplain training, to name just a few, are continually being added to the KPUP program in pursuit of our goal of offering the maximum number of training opportunities to each National Guard member. More than 5,000 overseas KPUP opportunities are available for FY 87, including large numbers for the annual REFORGER and TEAM SPIRIT exercises.

Training Support

Development continues on the Army National Guard (ARNG) "Interlocking Training Strategy". This strategy was developed to improve training opportunities and effectiveness during Inactive Duty Training (IDT) and Annual Training (AT). The "Interlocking Training Strategy" provides the crosswalk from platoon to battalion level training outlined as follows:

a. Armory/Garrison Training Areas (GTA) employ training devices and simulation to provide training through platoon level.

b. Local Training Areas (LTA) are developed to provide training through company level on modern, state of the art equipment/devices to include company and team combined arms live fire exercises or their subcaliber and/or Multiple Integrated Laser Engagement Systems (MILES) equivalent.

c. Major Training Areas (MTA), normally AT locations, are devoted to the support of battalion, task force maneuver and combined arms live fire training exercises.

To support this strategy a full compliment of training devices/simulations are essential. This becomes critical in light of the unprecedented integration of modern weapons systems and the increased reliance upon ARNG units for wartime missions.

The FY87 budget reflects a $68 million commitment by the Department of Army (DA) to provide the Reserve Component (ARNG and USAR), with technologically advanced training devices/simulations. Procurement of 192 platoon sets of MILES will complete a company/troop set for each ARNG maneuver battalion/squadron. Regional Maintenance Training Site (RMTS) "Device Suite" procurement continues. The Mobile-Conduct of Fire Trainer (M-COFT) program accelerates with 9 units fielded by close of FY87. Congress has provided an additional dedicated appropriation of $50 million for Training Devices to the ARNG in FY87 (same as FY86) which will be used to procure RMTS "Device Suites", Video Disk Gunnery System (VIGS) for Combat Engineer Vehicle (CEV) and M2/M3 Bradley Fighting Vehicles, Precision Gunnery Training System (PGTS) (a TOW/DRAGON weapons system trainer) and acceleration of the Guard Unit Armory Full-Crew Interactive Simulation Trainer (GUARDFIST) initiatives which include an armor device and an artillery trainer dubbed GUARDFIST I and GUARDFIST II, respectively. Congress has also appropriated $5 million for FY87 (same as FY86) for research and development of RC unique training devices/simulations. This funding will be applied to complete development of the GUARDFIST initiatives, an Indoor Infantry Interactive Trainer, and funding for the Training Technology Field Activity (TTFA) at Boise, ID.

Another ongoing major effort to improve ARNG combat readiness involves the modernization, upgrade, and expansion of local training areas for Inactive Duty Training periods. Presently, the ARNG has 274 recognized Local Training Areas, of which 56 are National Guard Bureau approved as Major Training Areas. The ARNG Range Modernization program involves the upgrade and new construction of range facilities to accomplish pre-mobilization training and to meet weapons qualification requirements. Modernized local training areas are designed to support the next level, above garrison level, of the ARNG Interlocking Training Strategy, while maximizing training time and conserving resources.

Regional Training programs continue to be a viable approach to providing standardized and cost effective training in a time constrained environment for ARNG personnel. The Regional Training Center (RTC) at Fort Dix, NJ is under construction and will provide soldiers with a means to train on state-of-the-art training devices, simulations and combat weapons systems. Regional Maintenance Training Sites (RMTS) are being located in areas of high maintenance unit densities and will provide individual maintenance Military Occupational Skill (MOS) transition and sustainment training on current and force modernization equipment. Four RMTS will be under construction in 1987 (Ft Dix, NJ; Cp Shelby, MS; Ft Bragg, NC; and Cp Dodge, IA). Regional Training Sites-Medical (RTS-MED) will provide unit level transition and sustainment training on modernized medical equipment with the additional mission of providing emergency disaster support. The ARNG has proponency for two RTS-MED, Cp Shelby, MS (FY88) and Fort Indiantown Gap, PA (FY89). A Field Medical Training Site (FMTS) located in Panama will provide ARNG medical units and personnel an opportunity to train and treat injuries and tropical illnesses in a field environment. Medical units will deploy to Panama, draw medical equipment from the FMTS, move to a preselected training area, and perform Annual Training. The first iteration to use the site is scheduled for March 1987.

Training ammunition authorization from DA in FY87 is 25 percent less than FY86. Overall, the FY87 authorization is adequate to accomplish Standards in Weapons Training requirements for ARNG units. FY87 shortages of ammunition in 2.75 inch High Explosive (HE) rockets, 105mm and 155mm illumination rounds and 4.2 inch White Phosphorous (WP) rounds will prevent ARNG crews from qualifying.

The ARNG has taken the initiative in development and testing of plastic training ammunition. Plastic ammunition requires a range, one-tenth that of fullcaliber, and can be used at local training areas (the ANG, Marines and ROTC are also interested in using plastic training ammunition). The approximate cost savings of using local training areas versus travel to major training areas is $9,616,000 per year. Plastic .50 caliber linked ammunition is currently being used by the states. Plastic 5.56mm ammunition and the required amplifier bolt will not be available until FY89.

The ARNG's commitment to use subcaliber devices is exemplified in the use of the 60mm subcaliber tube for 4.2 inch mortars which saved the Army approximately $2.9 million in FY86. The ARNG is working with Army Material Command to safety certify this subcaliber device for use in the 81 mm mortar.

The ARNG developed and obtained safety certification on the Fordster Smoke Pot in FY86. The Fordster Smoke Pot uses a $2.04 illumination booby trap to ignite a smoke cannister which is obsolete and presently available in the demilitarized account. The ARNG use of the Fordster versus ground and floating smoke pots saves the Army approximately $1.9M annually.

FY86 saw the beginning of M60A3 Displaced Equipment Training (DET) at Gowen Field, ID for the RC Armor Force. In keeping pace with the ARNG modernization program a two week Annual Training transition program for armor crewmen and turret maintenance personnel must take place for all armor/cavalry units. A battalion/squadron (usually 4 companies) rotates through a site in a total of 5 weeks. In FY86, the M60A3 DET (Gowen Field) trained 4 battalion equivalents. In FY87 the second training site, Camp Shelby, MS, began training. Each site will train seven armor battalion/squadron equivalents each FY thru FY90.

The expansion of the Readiness Management Assembly (RMA) program since 1985 and continued support will ensure a substantial increase in the professionalism and quality of training being conducted during Unit Training Assemblies. Increased funding in this program has and will allow trainers to participate in individual paid assemblies that allow them to plan, coordinate, assist, prepare and supervise the preparation of and conduct of training at unit and staff levels . Meaningful and challenging training is being prepared, executed and supervised. This program also has allowed Army Guardsmen to participate in individual paid assemblies to handle the management and support requirements of a unit. This program permits key leadership and administrative personnel to participate in mission oriented training during Unit Training Assemblies instead of being burdened with management, administrative and support requirements.

The ARNG also sponsors the National Guard Marathon held in conjunction with the Lincoln, Nebraska Marathon. Approximately 500 runners from 54 states and territories participate. Top runners are selected to represent the National Guard and to participate in team competition in the Marine Corps, Infantry and Navy Marathons.

The ARNG serves as the coordinator for the conduct of National Guard Marksmanship competition. Guardsmen participate annually in Army Area Reserve Component Small Arms Championships (National Match Rifle and Pistol, Combat Rifle and Pistol, and M60 Machinegun), US Army Small Arms Championships, Interservice Pistol Championships, National Pistol and Rifle Championships and National Guard Rifle and Pistol Championships.

The sport of Biathlon combines the skills of cross-country skiing and shooting. It is a military oriented activity conceived by the Nordic Nations and is now part of international sport competition, including the Olympics. The ARNG serves as the coordinator for the Chief, National Guard Bureau for the conduct of the NGB Biathlon Team and Individual Championships. Guardsmen from more than 32 states participate. Continued support of this program has allowed Guardsmen to compete on the All-Guard Team as part of the U.S. Team participating in the World Cup Series (World Championship), the Italian Alpine Ski competition, and with other U.S. Army teams participating in competition in NATO countries.

National Guardsmen also have been selected to participate in the Council International Du Sport Militaire (CISM) Ski Championships as part of the U.S. Military Team.

READYING/MOBILIZING THE GUARD

The Army National Guard (ARNG) is at its highest level of readiness. In most cases this readiness closely parallels that of the active component especially for round-out and combat support/combat service support units. During FY 86, the ARNG met its readiness goals by increasing the number of units reporting an overall combat ready status by seven percent. Also, the number of units reporting combat ready for equipment-on-hand increased by eleven percent. The effort was successful because of intensive readiness management efforts supported by the dedicated procurement initiatives.

Preliminary data from the FY 86 MICAF report, which measures increased capability of our forces based upon the fielding of new equipment, showed a positive increase of nine percent during FY 86 for the reserve component major combat units. This increase totals 33% since 1980 indicating that our modernization efforts are paying high dividends. This figure does not include ARNG roundout units and will be significantly higher when final data is available.

To emphasize the importance of readiness management, the ARNG Directorate developed and implemented a Readiness Action Plan (REAP). REAP consolidates policy, readiness initiatives and management tools to overcome unreadiness. The goal of the plan is to improve overall ARNG readiness by intensively managing available resources and by raising the visibility of readiness management efforts. This is done through visits by selected ARNG Directorate staff officers to state level readiness management committees and invitations to major unit commanders to present their readiness status to the staff during quarterly Force Readiness Committee meetings at the National Guard Bureau (NGB). To ensure unit status reporting accuracy and to assist in reporting procedures, the REAP also includes increased feedback to reporting units from the NGB.

The positive readiness trend experienced during FY 86 is expected to continue as NGB and state readiness committees put forth a unified effort to identify readiness inhibitors, report all inhibitors on the unit status report and fully implement all ARNG readiness management policies.

The ability of the ARNG to respond to the demands of readiness improvement to meet warplan tasks will be restrained, however, if specific equipment that is driving ARNG units to an unready posture is not resourced and filled. If equipment resourcing is continued at the current level, readiness improvement will level off and not show marked gains until well into the next decade. All initiatives to ensure that equipment is in fact where it should be according to readiness requirements have been completed by the states. Dedicated procurement initiatives to buy common items of equipment such as trucks, radios and test sets to fill ARNG shortages must continue for us to meet our goal of a combat ready force.

The mobilization exercise program for FY86 (See Chart 18) was the most ambitious undertaken in the history of the program. Over 700 mobilization exercises were conducted in support of state mobilization programs and major Overseas Deployment Training (ODT). Examples of exercises supported included Display Determination with units from North Carolina deployed to Italy, Reforger 86, with units from Wisconsin deployed to Europe, and Team Spirit exercises in Korea with units from California and Alabama participating. These exercises have shown that ARNG units can successfully perform required mobilization activities within a timeframe which has potential for reducing theater arrival dates by five to seven days. Continued participation in these exercises will reinforce and enhance ARNG unit capability.

Mobilization preparedness is the major objective of the ARNG. Training and evaluation of the level of mobilization preparedness are essential for improving the unit and State Area Command capability to execute mobilization and deployment responsibilities. To date, the ARNG exercise program has emphasized premobilization administrative processing and limited operational functions. This has been successful in raising the level of mobilization awareness and readiness in ARNG units. The increasing reliance on RC forces in defense plans necessitates that the mobilization and deployment capability of high priority units be expanded and periodically assessed through realistic exercises. The ARNG will implement The Emergency Mobilization and Deployment Readiness Exercise Program (EMDREX) in FY87. The EMDREX is designed to evaluate the ability of early deploying high priority units to rapidly perform alert and mobilization functions at home stations and move to mobilization stations or ports of embarkation and prepare for deployment.

Chart 18 MOBILIZATION EXERCISES

	#	$
FY 82	135	7.015M
FY 83	300	9.030M
FY 84	500	9.4M
FY 85	600	11.0M
FY 86	700	13.1M
PROJECTED:		
FY 87	550	10.3M

Sustaining the Army National Guard's ability to respond to mobilization situations, both real world and exercise, is being constrained by funding. The effect of budget reductions in special training adversely impacts on the mobilization and deployment readiness exercise program. The FY88-FY89 budget, if reduced at the FY86 and FY87 rates will force the ARNG to return to approximately FY84 execution levels, with a corresponding effect of reducing the level of mobilization readiness for units in the outyears.

The mobilization exercise program is a highly visible and successful program. All reasonable efforts must be made to improve it.

SAFETY

The Army National Guard (ARNG) aviation accident rate decreased from 1.53 accidents per 100,000 flying hours in FY 85 to 1.19 in FY 86. Human error on the part of air crews and maintenance personnel continue to be the major factor in these accidents. Individual accountability at all levels, intensive management of aviation safety school quotas, expansion of training programs, and a quarterly aircraft accident review and trend analysis videotape are major elements in the countermeasure program developed to further the aviation accident prevention program.

Increased ARNG exposure in FY 86 over FY 85 resulted in a 7% increase in Army motor vehicle accidents. However, the Army motor vehicle accident rate decreased 1% from FY 85 to 1.76 accidents per million miles of exposure. A 33 percent increase occurred in Army combat vehicle accidents. Non-fatal injuries sustained were reduced 1 percent from FY 85; however, fatal injuries increased 33 percent. ARNG safety/accident prevention efforts were targeted toward reducing motor vehicle accidents and personal injuries. The FY 86 program entitled Operation SafeGuard 86 "The Safe Way...The Guard Way" was targeted at reducing human and supervisory errors. The program reviewed casual factors involved in a Class A Army motor vehicle accident experienced in FY 85 and recaps previous years' countermeasure programs. Analysis indicates an 1 percent reduction in FY 86 accident frequency from that experienced in FY 85.

The ARNG successfully completed the first year of "SafeArmy 1990 Plan. The 5 year plan highlights key goals and selected initiatives forming an essential foundation for Army accident prevention and resource conservation. The ARNG action plan "SafeGuard 1990" supports SafeArmy 1990 plan. Each major plan element states a specific ARNG goal and key actions with responsible agents leading to achievement of that goal. ARNG commanders are vital to the success of planned objectives. The effectiveness of this plan is evidenced by significant improvements in safety program management and accident prevention in several key areas throughout the ARNG in FY 86.

CONCLUSION

Today, the Army National Guard, the citizen-soldier, is better organized, better trained, and better equipped than at any time in history. He must stay that way. He has met the challenge of being an integral part of the Total Force. His dedication is equal to that of his forefathers and his spirits are high. This country benfits from his contribution. Whether it be the latest tank, a modernized aircraft, an improved training site, full-time support, or a new armory, we owe him the very best we can provide. Our willingness to sacrifice to give him that best must be equal to task we have laid upon him - the defense of this country and freedom around the world.

ARMY NATIONAL GUARD BUDGET

NATIONAL GUARD PERSONNEL, ARMY

The FY 88/89 National Guard Personnel, Army (NGPA) budget request of $3,218 and $3,269 provide pay and related expenses for Army National Guard personnel. Chart 19 below shows NGPA funding by budget activity. The FY 88 request supports a paid end strength of 458,800 and the FY 89 request supports 464,900. A backlog of training requirements created by Congressional cuts in FY 87 in School Training ($27M) and Special Training ($32) will be only partially offset by modest increases requested in FY 88 and FY89 for those two accounts. These accounts provide overseas training, mobilization exercise training, retraining required to meet force structure changes, and professional development training so critical to an ever more rapidly deploying Guard.

Chart 19

NGPA ($ Millions)

	FY 86	FY 87	FY 88	FY 89
PAY GROUP A/P	1,641	1,446	1,505	1,522
PAY GROUP F	231	222	235	249
SCHOOL TRAINING	162	163	175	188
SPECIAL TRAINING	140	142	156	169
ADMIN/SUPPORT	922	1,017	1,097	1,141
EDUCATIONAL BENEFITS	66	85	50	0
TOTAL	3,162	3,075	3,218	3,269

OPERATION AND MAINTENANCE, ARMY NATIONAL GUARD

The Operation and Maintenance, Army National Guard (OMARNG) provides operation, maintenance, and training support. Chart 20 provides a breakdown of the dollars requested. A key element in the OMARNG budget is an increase of 491 Military Tecnicians. The personnel comprise a part of the Full-time Unit Support program which provides administration, trainiing, and logistical and maintenance support to the Guard. These individuals are critical to the Guard maintaining a readiness posture required by today's Total Force concept.

Chart 20

OMNG ($ Millions)

	FY 86	FY 87	FY 88	FY 89
TRAINING OPERATIONS	165	182	191	202
LOGISTICAL SUPPORT	1,031	1,123	1,172	1,269
BASE OPERATIONS	163	185	206	257
DEPOT MAINTENANCE	52	67	73	82
MANAGEMENT SUPPORT	102	133	149	170
RECRUITING SUPPORT	39	48	46	48
MEDICAL SUPPORT	14	21	24	26
PCIP	-	-	1	1
TOTAL	1,566	1,759	1,862	2,055

MILITARY CONSTRUCTION, ARMY NATIONAL GUARD

The Military Construction, Army National Guard (MCNG) request for FY 88 and FY 89 include funds for the construction of new armories, the alteration and/or expansion of existing armories, the construction of training facilities, and the construction of maintenance facilities as shown below in Chart 21.

Chart 21

MCNG
($ IN MILLIONS)

RESOURCES	FY 86	FY 87	FY 88	FY 89
MAJOR CONSTRUCTION	70	117	151	139
MINOR	15	5	5	6
PLAN/DESIGN	12	19	14	16
TOTAL	97	141	170	161
NO. OF PROJECTS				
ARMORY	32	45	23	40
AVIATION	4	1	6	7
TRAINING	9	17	20	26
MAINT/LOG	24	10	15	12
OTHERS	2	1	6	2
TOTAL	71	74	70	87

PREPARED STATEMENT OF MAJ. GEN. WILLIAM F. WARD
Chief, Army Reserve

INTRODUCTION: Years of Achievement, Years of Challenge

> "Guard and Reserve units have been integrated with the active force to a degree unprecedented in recent history....the Reserve Components' maturing professional competence and performance fully justify their role as an essential element of the Total Army."

JOHN O. MARSH, JR. SECRETARY OF THE ARMY	GENERAL JOHN W. WICKHAM CHIEF OF STAFF, ARMY

The words of the Secretary of the Army and the Chief of Staff, Army sound the theme of this year's report on the posture of the Army Reserve. Their words highlight the significant, indeed, unprecedented progress that has made the Reserve Components full partners in the Total Army's mission of deterring war. The eighties have witnessed a remarkable metamorphosis of the Army's Reserve forces. They have grown and matured steadily through a long period of development and transition. Today the Army Reserve is no longer an after thought, an auxiliary or a supplement to the Regular Army. Today, the Army Reserve stands as complement, an essential partner, a vital element in our defense posture. The time is past when the Army could afford the luxury of an unready, ill-prepared Reserve. Today, the realities of world conditions and the threats posed by those who would exploit them have increased the demands upon our national will and upon our clearly perceived ability to counter any threat to our national interest. Out of this atmosphere of increasing demand was born the reality of the total force. Since our republic cannot afford the cost in peacetime of a standing military force adequate to meet all our wartime needs, we are heirs to the Reserve tradition. Our national policy opts for a relatively small regular force that can be expanded in times of emergency by a larger body of trained soldiers. This total force is both a democratic choice and an economic necessity.

As the very basis of our defense posture, this policy places increasingly stringent demands upon our citizen-soldiers, for as the tempo and the effectiveness of modern military operations increase, so too must the readiness and the competence of the modern soldier, both Regular and Reserve. Today's Army Reservist is the best equipped, best trained, best led in recent history. The readiness posture of the Army Reserve's citizen-soldiers has never been better.

All of this has taken enormous time, effort, and resources to achieve. Yet the improvements, the growth, and the maturing professionalism and competence of the Army Reserve are there to see. This is the basis upon which the Army Reserve and the Total Army must build for the future and from which the Army Reserve must grow steadily to meet whatever challenges the future may hold. If, as they say, the past is prologue, then the future is now and the challenge begins here, today. The more than 600,000 men and women of today's Army Reserve will continue to do their part as citizens and as soldiers. They are justifiably proud of what they have achieved in the past and they are confident of their abilities to meet tomorrow's challenges.

Mission of the Army Reserve

The mission of the Army Reserve as directed by Congress is "to provide trained units and qualified persons available for active duty in the armed forces, in time of war or national emergency and at such other times as the national security requires...."

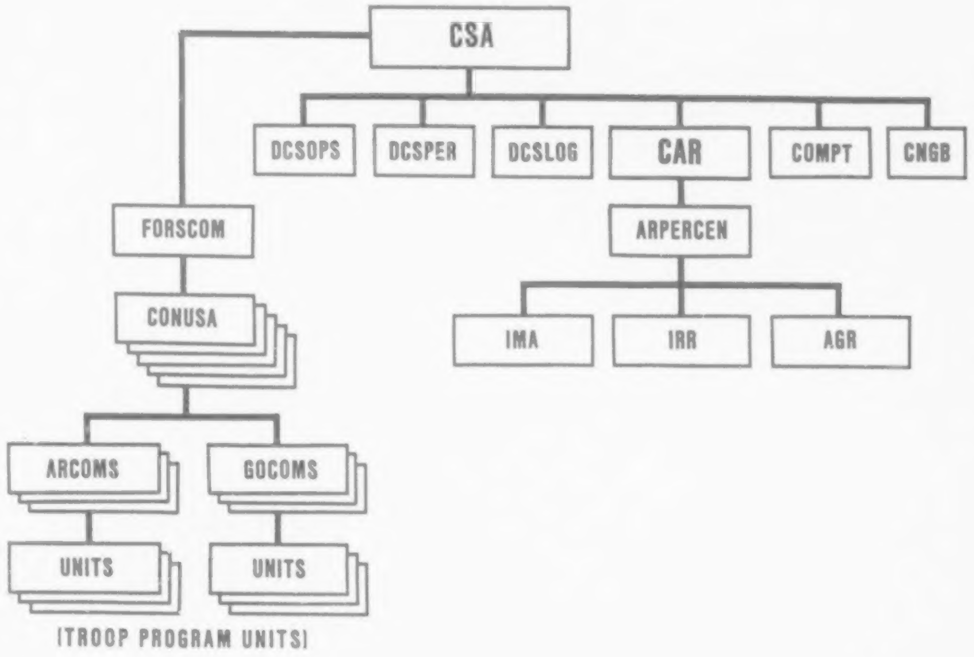
Army Reserve units include combat, combat support, combat service support and general support. In addition to units training to perfrom wartime missions, the Army Reserve also includes pretrained soldiers in the Individual Ready Reserve. These personnel will provide replacements, fillers, and cadre for new units in the event of mobilization.

Army Reserve Management

The dual missions of the Army Reserve are accomplished through troop program units under the command of the US Army Forces Command (FORSCOM) at Fort McPherson, Georgia. The pretrained personnel required by the Army are in the Individual Ready Reserve (IRR). The IRR is commanded and managed by the US Army Reserve Personnel Center (ARPERCEN) in St. Louis, Missouri, a field operating agency of the Chief, Army Reserve. The Individual Mobilization Augmentee (IMA) and Army Reserve Active Guard/Reserve (AGR) programs are also managed by ARPERCEN.

By statute, the Chief, Army Reserve also serves as the advisor to the Chief of Staff, Army on Army Reserve matters.

Command and Control, Army Reserve


CSA
DCSOPS
DCSPER
DCSLOG
CAR
COMPT
CNGB
ARPERCEN
IMA
IRR
AGR
FORSCOM
CONUSA
ARCOMS
GOCOMS
UNITS
UNITS
(TROOP PROGRAM UNITS)

The following chart serves to reemphasize what the Secretary of the Army and the Chief of Staff point out in their FY 1988 Posture Statement - today's Army Reserve is an essential element in the Total Army.

Type Unit	Percentage of Army Structure
Training Divisions/Brigades	100
Military Intelligence (Strategic Research and Analysis Detachments)	100
Civil Preparedness Support Detachments	100
US Army Reserve Forces Schools	100
Maneuver Area / Training Commands	100
Railway Units	100
Judge Advocate General Detachments	98
Civil Affairs Units	97
Psychological Operations Units	89
Smoke Generator Companies	78
Army Hospitals (MTOE)	65
Terminal Service / Transfer Companies	61
Supply and Service Companies	59
Conventional Ammunition Companies	51
Support Group Headquarters **	49
Chemical Decontamination Units	46
Pathfinder Units	46
Quartermaster Petroleum, Oil and Lubricant Operating Companies	45
Watercraft Units	44
Other Army Medical Units	41
Water Units (Supply, Drilling, Purification)	36
Military Intelligence CEWI Battalions	33
Major Logistics Units *	31
Truck Companies	30
Nondivisional Bridge Companies	29
Combat Support Aviation Companies	26
Maintenance Companies (General / Direct)	26
Aircraft Maintenance Companies	25
Special Forces Groups / Companies	25
Combat Engineer Battalions	24
Medium Helicopter Companies	22
Nondivisional Military Police Companies	20
Corps Signal Battalions	16
Separate Combat Brigades	13
Field Artillery Brigade Headquarters	9
Field Artillery Battalions	9
Infantry Battalions	8
Mechanized Infantry Battalions	2
Armor Battalions	2

* Includes Theater Army Area / Corps Support Commands
** Includes Area / Corps Support Headquarters

Army Reserve

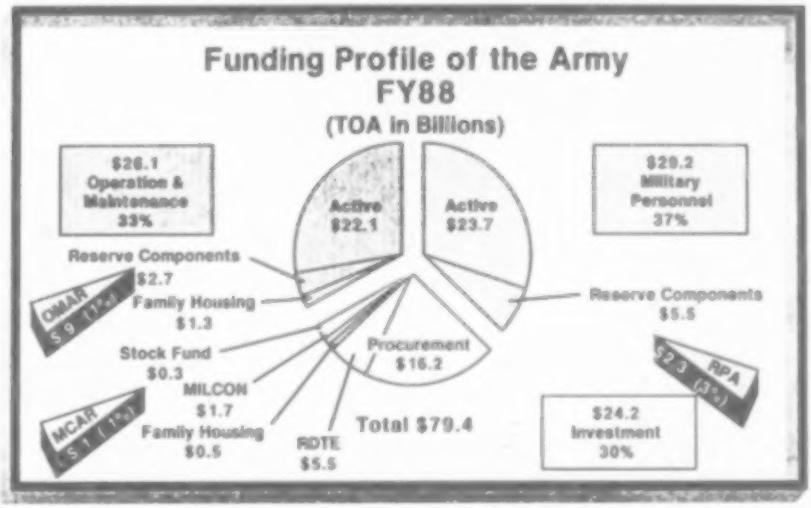
($ in Millions)

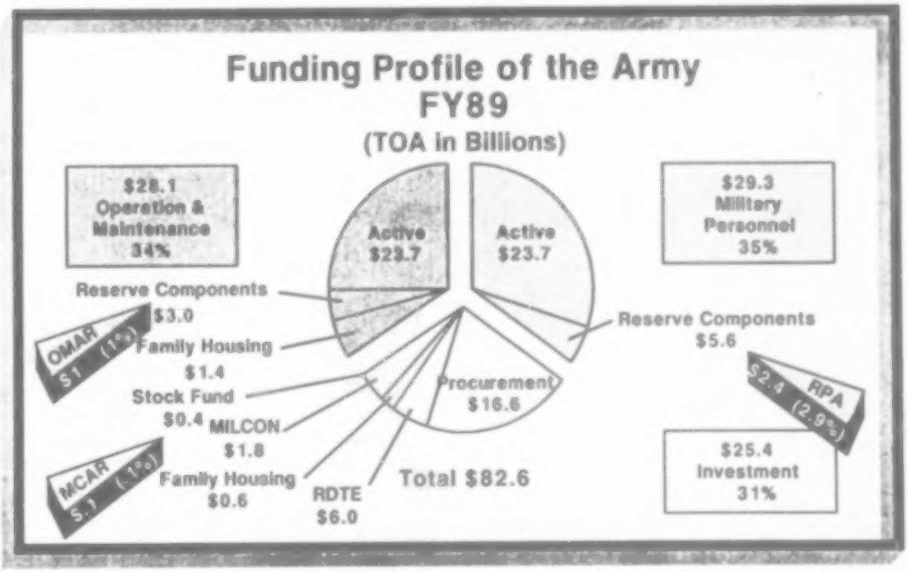
Appropriations	Fiscal Years FY86	FY87	FY88	FY89
Reserve Personnel, Army	2,149	2,117	2,278	2,364
Operation and Maintenance, Army Reserve	741	795	879	958
Military Construction, Army Reserve	61	87	95	108
Total	2,951	2,999	3,252	3,430

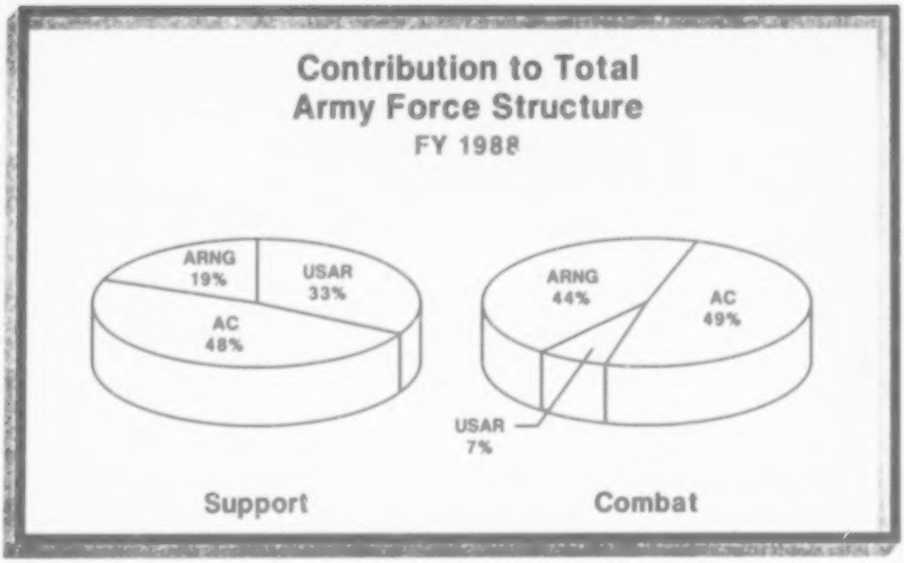
Cost of Maintaining the Army Reserve

In today's environment of constrained resources, the Army Reserve provides a cost-effective answer to the Total Army's need for combat support and combat service support units. As the need to reduce operating costs grows greater, the Army will respond by placing increasing emphasis upon the ability of its Reserve Components to meet its operational needs. Innovation and increased productivity will be demanded from all levels of the Total Army, including the Reserve Components, if we are to meet the fiscal challenges of the next several years. The Army Reserve is uniquely qualified by its very nature as an organization of dedicated and professionally competent citizen-soldiers to meet those challenges. The Army Reserve must have the continued support of the Congress if it is to be effective in fulfilling its mission. The cost-effectiveness of the Reserve Components holds the key to maintaining Total Army readiness in the face of funding constraints.

The charts below indicate the cost of maintaining the Total Army and the relative distribution of Total Army funding.







Contribution to Total Army Force Structure
FY 1988

The chart above indicates the proportional contributions of the Active and Reserve Components of the Total Army.

STRUCTURING and MODERNIZING the ARMY RESERVE

Force Modernization

Force modernization will bring more new aircraft for the Army Reserve. Fiscal years 1988 and 1989 will mark the beginning of fielding for the AH-1S attack helicopter. The AH-1S is a single engine, armed, tactical helicopter with a crew of two. In addition, UH-60 Blackhawk helicopter distribution to the Army Reserve will be more than 50 percent complete. The Blackhawk is a twin engine, single rotor helicopter capable of transporting up to 14 combat equipped troops and a crew of three. The addition of these aircraft will significantly increase the combat power of Army Reserve aviation.

During the same period distribution of the following systems to the Army Reserve will have been completed.

- M60A3 Battle Tank

  A full tracked combat tank equipped with a 105mm gun, tank thermal sight, laser rangefinder, and an analog ballistics computer.

- High Mobility Multipurpose Wheeled Vehicle (HMMWV)

  A 1 1/4 ton, 4x4 tactical wheeled vehicle available in 13 different models.

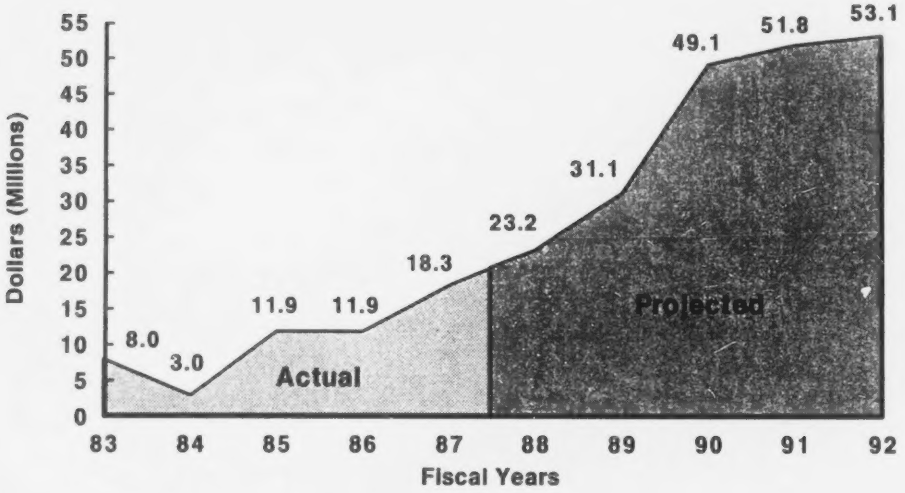
- M939 Series 5-Ton Trucks

  Available in seven body varieties plus seven different types of chassis for general or special vehicles.

- Battery Computer System (BCS), AN/GYK-29

  Provides a command and control facility for technical fire direction at the field artillery battery.

Army Reserve
Force Modernization Funding



Force modernization of the Army Reserve is a vital link in Total Army readiness.

Army of Excellence Aviation Initiative

Army Reserve aviation force structure continues its increase to support the Army of Excellence. Planned increases to the force structure include combat and combat support aviation groups, battalions, and companies that round out specified corps aviation elements. These corps reinforcement forces will be aviation combat multipliers for the Total Army.

With 60 percent of the Army's corps aviation force assigned to the Reserve Components, the Army Reserve force will be an integral part of the corps' aviation brigades.

Aviation Structure

Fiscal Year 1987 will see Army Reserve aviation fielding two assault helicopter battalions (UH-60A) of two companies each. One company for each battalion will remain in the active force and be forward-deployed in V and VII Corps.

Three Army Reserve assault helicopter battalions (UH-1) also are being fielded in FY 1987, in First, Fourth, and Sixth Armies.

Additional units being activated in FY 1987 include the following:

TWO ATTACK HELICOPTER GROUP HEADQUARTERS

TWO AVIATION GROUPS HEADQUARTERS

ONE COMMAND AVIATION BATTALION

TWO MEDIUM HELICOPTER BATTALION HEADQUARTERS

THREE MEDICAL DETACHMENT (HELICOPTER AMBULANCE)

ONE THEATER AVIATION COMPANY

ONE COMBAT AVIATION GROUP HEADQUARTERS

In FY 1988, the Army Reserve will continue to restructure its aviation force. Two new attack battalions with AH-1S (Cobras) and two attack group headquarters join the Army Reserve structure to provide responsive support to Total Army mobilization needs. Combat support elements will be substantially enhanced through replacement of some aviation elements with a theater aviation company, a theater aviation battalion, and a theater aviation group headquarters for command and control. An additional air ambulance detachment also joins the Army Reserve aviation force.

FY 1988 Activations

ONE THEATER AVIATION BATTALION

ONE THEATER AVIATION COMPANY

TWO ATTACK HELICOPTER BATTALIONS

ONE MEDICAL DETACHMENT (HELICOPTER AMBULANCE)

ONE THEATER AVIATION GROUP

TWO ATTACK HELICOPTER GROUPS

ONE COMBAT AVIATION GROUP

Two attack helicopter battalions to be activated in the Army Reserve in FY 1989 will be aligned with two US Army corps. These structure increases result in the following growth in personnel and aircraft:

Year	Personnel	Aircraft
1985	4,957	529
1987	6,327	561
1988-89	7,819	683

Adequate full-time support, careful preparation, coupled with dynamic training, unique logistical support, and intensive management at all levels will be required to field these new aviation units and to achieve combat readiness.

Special Operations Forces

All military Special Operation Forces (SOF) have been under intense scrutiny by top government and military staffs to determine what may be done to improve their mission capability. Army Reserve SOF contain 25 percent of the Total Army's Special Forces, 89 percent of its psychological operations (PSYOP), and 97 percent of its Civil Affairs (CA) assets.

Substantial improvements have been made in SOF equipment and personnel readiness. Four Army Reserve Special Forces units, four Army Reserve PSYOP units and one CA Army Reserve unit improved their equipment readiness posture over the last reporting period. Likewise, five Army Reserve Special Forces units, seven Army Reserve PSYOP units and 13 Army Reserve CA units have improved their personnel readiness during the same reporting period. These overall improvements will better enable Army Reserve SOF units to participate in more overseas deployment training than in the past. The result is better trained, area-oriented and mission-capable Army Reserve SOF soldiers. Steps have been taken to improve peacetime command and control of Army Reserve Special Forces. The ultimate goal for Army Reserve SOF is to have available combat ready units capable of rapid mobilization, trained for special missions and early worldwide deployment.

THE IMPORTANCE OF ARMY RESERVE SPECIAL FORCES IS GROWING YEARLY

Military Intelligence Structure

Conversion of Army Reserve Military Intelligence and Army Security Agency (MI/ASA) assets to the Army of Excellence communications electronics warfare intelligence (CEWI) design continues to be a high priority. The current reorganization program, resourced in the FY 1988-1992 Program Objective Memorandum employs a backfill strategy that takes advantage of existing equipment and personnel support. Additionally, it follows the Army leadership's directed priority of implementation beginning with corps and Active Component separate brigades and progressing to MI/CEWI support of Army Reserve separate brigades.

This comprehensive reorganization of Army intelligence units involves a complete modernization of the Army Reserve MI/ASA structure and an increase of Military Intelligence personnel in the Army Reserve from 6,000 to more than 13,000. The implementation of the Army Reserve military intelligence plan begins in FY 1987 and will continue through FY 1992. The Army Reserve goal is to ensure that all factors relevant to the MI/CEWI reorganization are fully integrated and that implementation takes place within guidance specified by the Army leadership.

PREPARING
to
MOBILIZE
the
ARMY RESERVE

Mobilization Exercises

Mobilization exercises, which test our ability to move rapidly from our peacetime to wartime configuration, are a critical element in improving Army Reserve readiness. While the Army Reserve is more ready to mobilize and deploy in 1987 than ever before, further improvement of these capabilities is still required to keep pace with the increasing demands placed upon the Reserve Components of the Total Army.

Seventy-five Army Reserve units, maneuver training commands, and Army Reserve garrisons totaling 14,500 personnel will participate in mobilization exercises to be conducted during FY 1988. This is the first in a new series of mobilization exercises that will involve approximately 77,000 personnel in 600 units between FY 1988 and FY 1993. A different Continental US Army (CONUSA) will be exercised each year starting with the highest density CONUSAs on the East Coast.

Army Reserve participation in biennial command post mobilization exercises such as NIFTY NUGGET, PROUD SPIRIT, AND PROUD SABRE, increases our ability to respond while decreasing required response time. These exercises have also identified problem areas in documentation procedures, training, equipment, facilities, and strategic lift. As a result, Army Reserve units have implemented many corrective measures, including the development of mobilization plans intended to ensure that all deficiencies discovered in previous exercises have been eliminated.

These biennial exercises have enabled entire Army Reserve units to test field mobilization procedures. Subsequent exercises will involve alert, assembly, processing, uploading, and movement of selected Army Reserve units from home station to their mobilization stations, and provide realistic preparation for the new series of full scale mobilization exercises programmed to begin in late FY 1987. These mobilization exercises will eventually include deploying most units in the Army Reserve and actually moving them to their overseas Capstone commands.

Human Immunodeficiency Virus (HIV) Screening

The Army Reserve is preparing to participate in the Total Army Human Immunodeficiency Virus (HIV) Force Screening Program. Plans are underway and a structure is being established to begin testing of troop program unit (TPU) soldiers beginning in April 1987 and continuing thereafter. Testing will then occur on a systematic basis.

Reservists participating in overseas deployment training (ODT) will require testing prior to their deployment. The purpose of the testing is to ensure continued readiness of the force, protect the fitness of Army personnel, allow soldiers to deploy safely overseas, and ensure the integrity of our replacement blood supply in wartime. Soldiers found to be positive for the HIV antibody will be evaluated to determine the progress of their infection. Those found to demonstrate progressive clinical illness or immunological deficiency will be considered physically unfit for overseas duty and will be separated from the service or transferred to the Standby Reserve according to appropriate regulations. Testing of Army Reservists in the Individual Ready Reserve (IRR) will be accomplished in a subsequent phase of this program. Planning the IRR phase of the testing program will begin in 1987.

40 and Over Screening

The Army's 40 and Over Cardiovascular Screening Program is designed to monitor the continued fitness of the force, protect the fitness of Army Reserve personnel, and to allow Army Reserve soldiers to participate in Army physical fitness testing. Once fully implemented, the 40 and Over Cardiovascular Screening Program in the Reserve Components will be a major step toward ensuring that our soldiers are physically ready to perform when mobilized. Those soldiers who are determined to have no cardiovascular (heart) disease by personal and family history, electrocardiogram, laboratory tests, and physical examination will be allowed to participate fully in physically demanding activities. Those soldiers found to be "at risk" using the standardized parameters that have been developed, will be further evaluated using various diagnostic techniques, e.g., electrocardiograms, etc., prior to being allowed to increase their level of physical activity while in a Reserve status.

Dental Panographic X-Rays

Action also is being taken to ensure that each Army Reservist has a dental panographic x-ray (PANOGRAPH) and a dental health record (DHR). The dental x-ray will be kept at a centralized storage facility and the DHR will be kept at the individual's unit.

Prior to the initiation of training within the United States, the Reservist must have a DHR; the dental x-ray is required prior to overseas deployment training. At present, nearly all troop program unit members and many nonunit members have a DHR. A plan is being developed to complete the project and ensure that each Reservist has the appropriate dental records required for positive identification.

A TOTAL ARMY FAMILY

Family Mobilization Readiness

The Army Reserve is also working to prepare its families for the mobilization process. Army Reserve dependent ID cards are being issued to family members, and contingency dependent benefit eligibility enrollment for medical coverage upon mobilization is also being carried out. "The Family Assistance Handbook for Mobilization," which outlines various recommended legal and financial planning actions, has been widely distributed to Reserve soldiers, and many Army Reserve units annually sponsor family mobilization preparation seminars for their members. Articles on the need for family preparation for the mobilization process also are published regularly in the "Army Reserve Magazine". Effective 1 October 1986, all commanders are authorized to schedule IDT time to conduct family-orientation training activities. Commanders now are authorized to schedule up to eight hours of family-oriented training during IDT. Some topics that may be considered for family oriented training activities are:

Family Member Orientation (Rights and Benefits)

Premobilization Preparation of the Family

Legal and Financial Briefings

Prevention of Family Violence

Army Community Service (ACS) Outreach Program

Drug and Alcohol Information

Support Group Organization

Volunteer Activities and Programs.

Mobilization orientation for spouses and dependents is essential for successful mobilization. In the event a soldier is mobilized, the time available to put personnel and legal affairs in order will be relatively short. Serious problems may arise when a Reservist is separated suddenly and unexpectedly from his business, job, and family. Advance planning will help to avoid many legal pitfalls upon mobilization. In addition, taking care of personal affairs now will be easier, will give both the member and his family peace of mind, and will allow him to be a better soldier.

Army Individual Ready Reserve Screening Program

In FY 1986 Congress directed the Army to conduct a test of its ability to muster the Individual Ready Reserve. On four weekends in January 1986, approximately 7,000 Individual Ready Reservists in 13 cities responded to the Army's call and participated in that voluntary muster test.

For FY 1987 the IRR muster has been expanded into a full-fledged Army IRR Screening Program involving 240,000 Individual Ready Reservists. This responds to Defense Guidance for FY 1988-1992, which directs that beginning in FY 1987, members of the IRR of all services serve at least one day of Active Duty each year to accomplish statutory annual screening. To complete this screening requirement, the Army Reserve Personnel Center (ARPERCEN) in cooperation with the U.S. Army Recruiting Command (USAREC) is conducting mandatory screening of the IRR in FY 1987.

During the screening program, which began 1 October 1986, ARPERCEN will order approximately 20,000 IRR soldiers each month, their birth month, to schedule a screening appointment at their local recruiting station and to report to that station for screening. USAREC recruiters conduct the screen, collect required documentation, and forward completed screening forms with documents to ARPERCEN, where IRR records will be updated. Emphasis also is being placed on this required annual screening by the Total Army career counselors (TACC) at the separation and transfer points (soon be renamed "transition points") as soldiers transfer into the IRR, and by increased mailings by ARPERCEN to IRR members.

The intent of the screening program is to increase IRR soldiers' knowledge of their mandatory service obligation, of training opportunities available in the IRR, and of membership opportunities and benefits available in Army Reserve and National Guard units and the Individual Mobilization Augmentation Program. The screen will help ensure that the records of IRR members are accurate and current, and will enable the Army to mobilize its pretrained soldiers efficiently should the need arise.

Strength Increase

In recent years the Army Reserve has experienced increasing success in its recruiting efforts. We fully expect to achieve an FY 1987 paid drill end strength of 292,257. Our FY 1988-FY 1989 budget requests paid drill end strengths of 297,313 and 300,202 respectively. These increases will further help improve the personnel readiness of our Army Reserve units by filling many vacancies that have, until now, degraded unit readiness ratings. Moreover, programmed increases in full-time support personnel strengths will enhance troop units' mobilization readiness by providing experienced soldiers to act as trainers, administrators, and equipment maintainers.

MANNING the ARMY RESERVE

Program Improvements

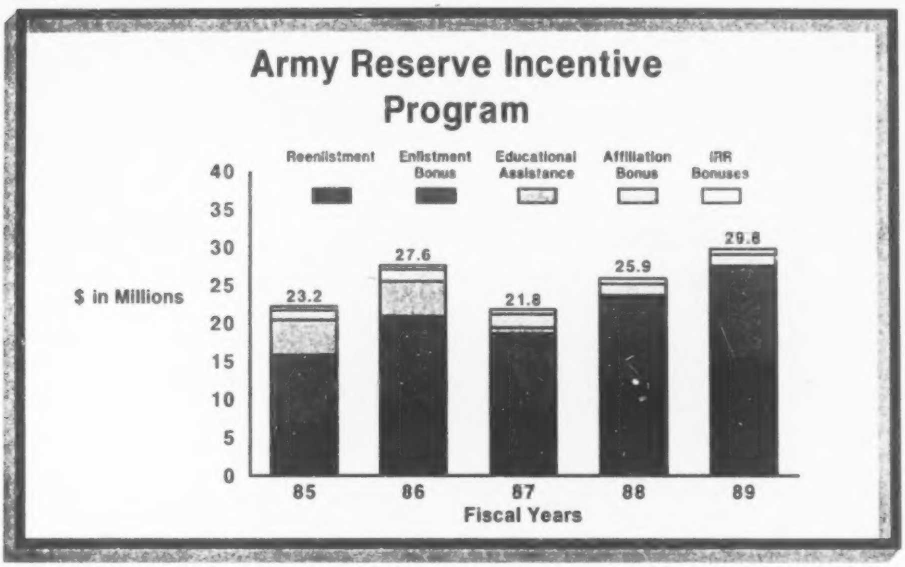
The increases in Army Reserve personnel authorizations have been matched by improvements in personnel acquisition, management, and assignment programs for Army Reserve soldiers of the Selected Reserve; of the Individual Mobilization Augmentee (IMA) Program; and of the Army Reserve's Active Guard/Reserve (AGR) Program). Similar improvements are underway with respect to Army Reserve members of the Individual Ready Reserve (IRR). These programmatic enhancements have made significant contributions to the overall personnel readiness posture of the Army Reserve.

The Army Reserve's ability to perform its essential mobilization missions within the Total Army is a result of the high quality young men and women who are recruited and the experienced career soldiers who are reenlisting in their units.

A variety of innovative personnel management programs has been designed to develop soldiers who are ready to serve effectively in their military specialties upon mobilization. Increased emphasis in such critical areas as full-time support, the expanded Individual Mobilization Augmentee Program, and professional development has stimulated significant improvement in the Army Reserve's mobilization readiness. In addition to initiatives in these areas, the Army Reserve has focused its attention on such other essential programs as leadership development and the development of a more effective family support program. All of these personnel management issues and programs are being developed, supported, and adjusted where necessary to provide a trained force of Army Reservists, prepared to serve as a full and essential element of the Total Army whenever it may be called upon.

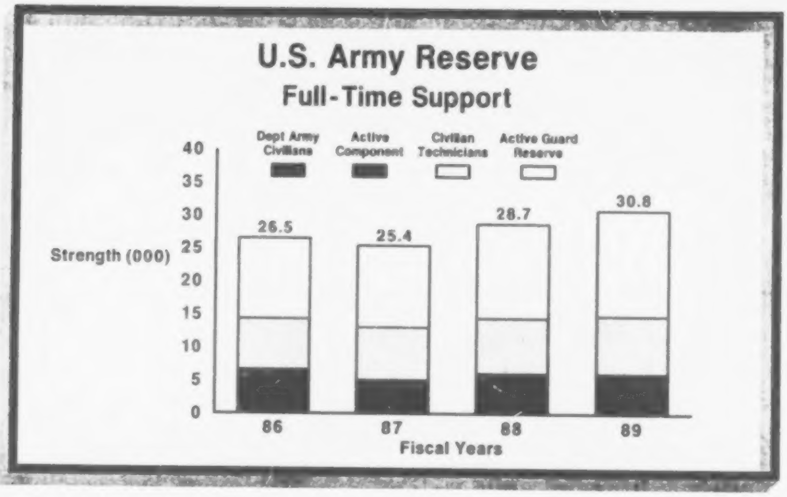
Recruiting/Retention

In FY 1986, the Army Reserve Selected Reserve increased by nearly 18,000 over FY 1985, achieving notable improvements in personnel readiness. Congressional support of the selected Reserve Incentive Program was a significant element in the achievement of this growth. The Defense guidance to have 90 percent of tne Army's wartime personnel strength requirement trained and deployable will be met in FY 1991.



The New GI Bill

The new GI Bill has had a positive effect on Army Reserve recruiting and retention efforts as evidenced by the marked increase in soldiers enlisting and reenlisting for six year periods. Nearly 75 percent of eligible Army Reserve soldiers are taking advantage of education benefits that this valuable entitlement offers. One year after implementation of the New GI Bill, the Army Reserve was attracting 14 percent more high school graduates and 35 percent more new soldiers in the top three mental testing catagories. Retention of soldiers eligible to reenlist for the first time also has increased 15 percent. The benefits made available to Army Reservists under the New GI Bill are helping attract and keep better quality soldiers in greater numbers.



Full-Time Support

A critical element in improving the readiness of the Army Reserve is the number of personnel available to provide full-time support for its soldiers and units. Four categories of personnel form the Army Reserve's full-time support team: Active Component soldiers, Active Guard/Reserve (AGR) soldiers, Army Reserve civilian technicians, and Department of the Army civilians. Each of these groups provides its particular strengths to the Army Reserve's Full-Time Support Program. Active Army soldiers provide current experience with Active Component equipment, operational doctrine, and training techniques; AGR soldiers provide Reserve Component expertise and training and assignment flexibility; civilian technicians provide continuity and ties with the local civilian community; and Department of the Army civilians provide the clerical skills that support all levels of Army Reserve administrative operations. Together, these team players enable drilling Reservists to concentrate their limited training time on preparing for their mobilization missions.

The Army Reserve is working hard to further refine its Full-Time Support Program to make it more efficient and cost-effective. It is the effectiveness of this program that has allowed the Army's leadership to confidently assign an unprecedented proportion of the Total Army mission to the Reserve Components. With Active Army end strength capped at about 780,000, the Total Army must look to its Reserve Components to provide the flexibility that allows it to absorb new missions within its constrained resources. The perceptible improvements in Army Reserve mobilization readiness attributable to increasing levels of full-time support have been a major factor in the Army leadership's growing conviction that the Reserve Components are, more than ever, equal to the job they have before them.

The Total Army's increased reliance upon its Reserve Components evidenced by their expanding and evolving missions, is a prime measure of the difference that full-time support can and does make. The cost of a full-time Reserve soldier is the same as that of a full-time Active Component soldier; however, the Reserve expertise and professional experience the full-time Reservist brings to his support mission, make the difference that enables a Reserve unit to accomplish an Active Component mission at a fraction of the Active Component cost.

The Active Guard/Reserve (AGR) Program

The Army Reserve Strength of the Active Guard/Reserve (AGR) Program has risen from 2,480 at the end of FY 1979 to an authorized end strength of 12,407 for FY 1987.

In FY 1987, the AGR Program suffered severe curtailment of growth. Congressional budget constraints led to the diminished growth. Yet, confidence in the mobilization readiness of the Army Reserve remains sound and the Army continues to transfer an ever larger portion of its missions to the Reserve Components.

The Office of the Chief, Army Reserve (OCAR) has developed management initiatives intended to fine tune the AGR program. Through the implementation of position validation procedures and objective force analysis, program strength has been realigned to ensure flexibility in meeting changing unit readiness demands. The implementation of comprehensive life cycle management regulations has provided a highly qualified AGR force with the skills, experience, and background needed to maintain and sustain the required level of Reserve Component readiness.

As the Army Reserve mission grows, consistent AGR management and attainment of a proper AGR objective force will remain the goal. Given adequate levels of full-time support, Army Reserve readiness will continue to improve as a result of enhanced unit training, administration, and equipment maintenance. AGR soldiers and the flexibility they provide the commander through tneir availability for special assignments, schooling, and extended work hours are the key to this improvement. Expansion of the AGR program has to be supported to ensure sustainment of an effective full-time support force mix.

AGR Soldiers Above MUSARC Level

At any given time, about 15 percent of the Army Reserve's AGR soldiers are assigned to duty positions above the major US Army Reserve command (MUSARC) level. These soldiers serve at continental US Army (CONUSA) headquarters, on the Army Staff, in the Department of the Army, and the Department of Defense. These soldiers (for the most part, officers) provide essential, although indirect, support to the troop units of the Army Reserve. They formulate Reserve Component policy and advise Active Component commanders and officials of the Secretariats of Defense and of the Army. They implement Department of the Army policies, prepare Army Reserve mobilization plans, provide professional development advice and career management to the more than 600,000 members of the Army Reserve, and they serve as recruiters and retention personnel responsible for ensuring the availability of the Army Reserve's most precious asset, its people.

AGR personnel serving above the MUSARC level, bring to their critical assignments a wealth of Army Reserve experience and expertise. They ensure that the officials who shape Defense and Army doctrine and Army Reserve operational policy are fully informed about the unique nature and special requirements of the Army Reserve and the essential differences between the Active and Reserve Components. They make it possible for the AGR soldiers and the drilling Reservists at the unit level to do their jobs and fulfill the missions efficiently and effectively.

Military Technicians

Under the guidance of the Chief, Army Reserve, the military technician program is being expanded, and significant, plans are underway for its development and growth. As a result of the Army Reserve Military Technician Program Study conducted July 1985 to March 1986, several far-reaching management initiatives are nearing completion. These include the implementation of a professional development program, a vacancy referral system and the establishment of a military technician ADP master file. The data for these program elements will be furnished from team visits of staff personnel from the Office of the Chief, Army Reserve (OCAR) and US Army Forces Command (FORSCOM) to local Army Reserve units. This data will provide current status of both the overall program and the individual technician in his role as a member of the Army Reserve Full-Time Unit Support Program.

The long range plans for improving the management of the technician workforce call for the issuance of guidance and information through a public affairs program. This procedures will help coordinate the OCAR policy efforts with FORSCOM implementation for current and future program stability.

Active Guard/Reserve (AGR) Management

Many of the early initiatives taken by the Office of the Chief, Army Reserve to establish firmly and improve upon the overall effectiveness of the AGR Program are now beginning to produce their intended results. For example, with the formal establishment of the AGR Management Directorate as a major personnel element at the Army Reserve Personnel Center (ARPERCEN) in St. Louis, Missouri, the AGR Program is now centrally managed and administered in essentially the same manner that MILPERCEN manages Active Component personnel.

ARPERCEN's AGR Management Directorate, in coordination with the Office of the Chief, Army Reserve, continues to develop and refine governing Army Reserve personnel policies, procedures, and regulations. This has significantly improved the AGR Program's ability to successfully respond to rapidly changing Army Reserve personnel requirements on a world-wide basis. The AGR Management Directorate, through a comprehensive life cycle personnel management system, now provides highly qualified Army Reserve officer and enlisted personnel with the requisite skills, training, background, and experience needed to achieve, maintain, and sustain the desired level of mobilization readiness within our Reserve Component units. Coupled with a continuing analysis of the Army Reverve's evolving force structure requirements, the AGR Program is expected to address successfully the Reserve's need for full-time soldiers to meet its increasing mobilization readiness requirements.

Active Guard/Reserve Program Expansion

Since its inception in 1979, the Army Reserve portion of the Active Guard/Reserve Program has continued its steady, programmed expansion. Nevertheless, the AGR Program achieved its approved end strength objective for FY 1986 of 12,157 soldiers on active duty working full-time in direct support of the Army Reserve's critical mobilization missions. While the future rate of growth and expansion of the AGR Program is still being determined, the program itself has clearly established its value and viability as a major contributor to increased Army Reserve mobilization readiness. The FY 1988-1989 budget requests contain AGR end strength increases of 1,843 and 1,750 respectively. These increases are absolutely essential to support the critically needed force structure and equipment modernization changes programmed for the Army Reserve during these years.

Improving Reserve Military Personnel Records Management

During the mid-70's, the Army begin to intensify the management of its Reserve force; however, for a number of reasons, the management and maintenance of Reserve personnel records did not keep pace. Over the years, records maintenance has suffered from lack of resources needed to ensure accurate mobilization and management information.

The Army Reserve Personnel Center (ARPERCEN) has developed a detailed plan to correct this problem and has begun implementation of the first portion of this plan to improve the overall management of the Reserve personnel records. Substantial resources have already been provided and used to accomplish the following:

* the first phase of the separation of retiree records from active reserve records;

* the conversion of all records to microfiche prior to being seen by promotion boards;

* the continuing conversion of all OMPFs on all new accessions to microfiche;

* the improvement of physical security of the personnel records;

* the improvement of the records tracking system;

* the development of an EER tracking system;

Resource requirements for FY1987-90 have been identified and submitted to:

* continue the conversion of the OMPFs to microfiche;

* complete the separation of the retiree records from active Reserve files;

* inventory all record holdings;

* continue to work toward an improved and accurate record control system.

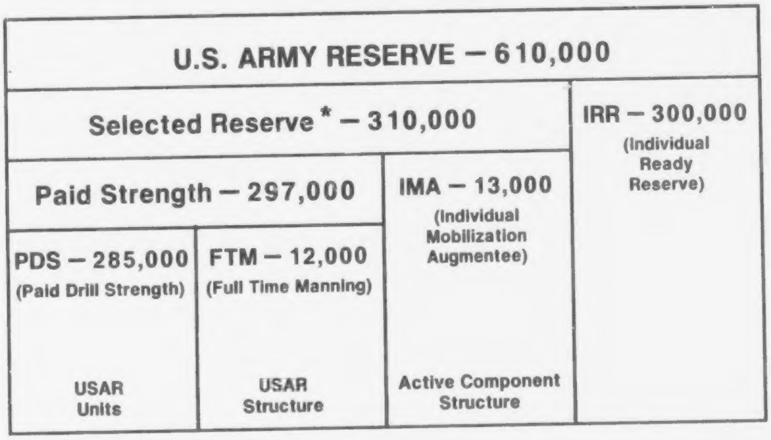
These initiatives are expected to be completed during FY 1988-1989. The overall objective is to convert all records to optical digital imagery.

Programmed Personnel Management

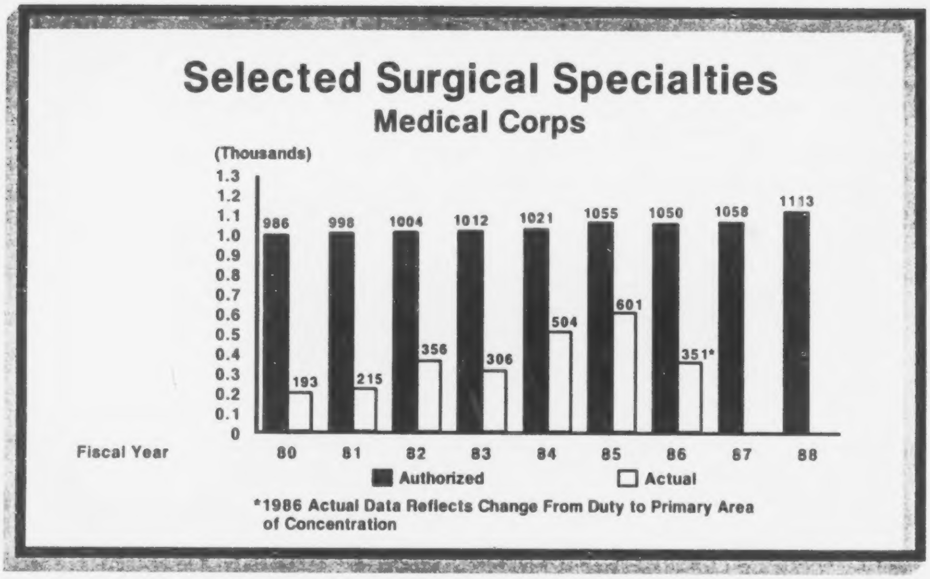
Under a professional development concept plan now being formulated for Army Reserve personnel, programmed rotations between TPUs and IMA/IRR assignments would be used to provide officers and enlisted soldiers hands-on experience as well as professional development schooling at appropriate times throughout their Reserve careers. Associated incentives are also under development, such as drill pay for attending mandatory military schooling, and opportunities for designated IMAs to attend drills in conjunction with their IMA positions.

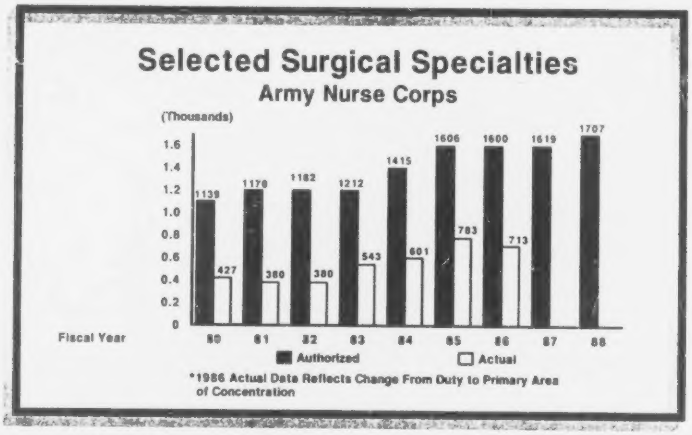
Professional development assignments would be made within geographic areas based upon the needs of the Army and the desires of the individual. The intent of this effort is to create a comprehensive personnel management system which will maximize individual motivation and satisfaction, and the professional competence of each officer and enlisted soldier in the Army Reserve through a broader range of training opportunities.

We fully expect that this system, once implemented, will significantly improve Army Reserve personnel readiness by providing the professional development experiences and training needed by Army Reservists at all stages of their careers. Flexibility, variety, and challenge will characterize the training of Reserve soldiers under this system, which will deal with each Reservist as an individual to be encouraged, developed, and retained in consonance with Total Army goals, objectives, and requirements.


U.S. ARMY RESERVE — 610,000
Selected Reserve* — 310,000
IRR — 300,000
(Individual Ready Reserve)
Paid Strength — 297,000
IMA — 13,000
(Individual Mobilization Augmentee)
PDS — 285,000
(Paid Drill Strength)
FTM — 12,000
(Full Time Manning)
USAR Units
USAR Structure
Active Component Structure

* Presidential 200,000 Call-Up





Medical Enhancement Initiatives

The Comptroller General's Report to the Congress, "Will There Be Enough Trained Medical Personnel in Case of War?" (HRD-81-67, June 24, 1981), discussed the shortage of skilled medical personnel in the Regular and Reserve forces. At the end of FY 1980, there were approximately 28,000 medical personnel (8,000 officers and 20,000 enlisted) assigned to Army Reserve units. In addition, nearly 14,000 medical personnel (4,000 officers and 10,000 enlisted) were assigned to the Army Reserve in a nonunit status.

At the end of FY 1986, the strength of medical personnel in troop program units had increased to about 39,000 (11,000 officers and 28,000 enlisted) while the nonunit strength had grown to 29,000 (11,000 officers and 18,000 enlisted). In the years since 1980, the strength of medical personnel in the Army Reserve had increased by nearly 11,000 in units and another 16,000 in the Individual Mobilization Augmentee (IMA) Program and the Individual Ready Reserve (IRR).

The Army Reserve has initiated many changes to increase the number of officer and enlisted medical personnel in troop program units (TPUs), in the IRR, and in the IMA Program. One effort has focused recruiting programs on those medical specialties most needed by the Army in the event of mobilization. These specialties include, but are not limited to, general and specialized surgeons, anesthesiologists and nurse anesthetists, trauma specialists, operating room nurses, intensive care nurses, practical nurses, X-Ray specialists, and respiratory specialists. Another effort to reduce the shortfall of medical personnel has placed increased emphasis on retention of competent health care providers. Some of the reasons medical personnel leave the Army Reserve include pay problems, administrative problems-especially the lack of promotion, lack of meaningful training, lack of professional development, as well as cogent personal reasons such as time away from family and civilian employment.

Initiatives for FY 1988 will continue positive trends that have been started in recruiting and retention. The Physicians in Residence (PRINT) Program, is focused on physicians in residency training in specialty areas needed by the Army Reserve. Specialized training assistance in the health professions for members of the Reserve Components STRAP and the Health Professionals Loan Repayment Program should provide the financial incentives needed to enhance medical recruiting and retention.

Quality Assurance

The quality of medical, nursing, and other types of health care provided to eligible service beneficiaries has been subject of increasing scrutiny recently. A directive from the Office of the Assistant Secretary of Defense (Health Affairs) regarding the professional standards for medical personnel has been implemented for Active and Reserve Component personnel as well as for civilians employed by the Army. A thorough audit of the credentials of all Army Reserve Medical Corps officers (TPU, IRR, and IMA) has been completed. This audit included direct verification of graduation from an accredited medical or osteopathic school, evidence of all graduate medical education, and validation of all licenses to practice medicine or surgery.

Applicants for appointment in one of the branches of the Army Medical Department (AMEDD) undergo similar screening procedures prior to joining the Army Reserve. In addition to the initial check of credentials, selected health care providers must have an additional examination of their credentials prior to being granted clinical privileges. The granting of clinical privileges permits these individuals to practice their specialties in Army medical treatment facilities. This is another area where the Army Reserve AMEDD is working toward the common goal of quality care by qualified, competent health care providers.

Reserve Officers' Training Corps

The Reserve Officers' Training Corps (ROTC) Program continues to be the largest single source of newly commissioned officers for the Army Reserve. In FY 1986 the Army Reserve received about 3,100 of the nearly 8,000 officers commissioned through this program.

In FY 1987, about 8,000 officers are expected to be commissioned through ROTC. Of these, about 3,400 will join the Army Reserve upon commissioning and the completion of their officer basic courses. The program will commission about 8,200 and 8,400 graduates in FY 1988 and 1989 respectively; the Army Reserve will receive nearly 3,300 of these newly commissioned officers each year.

1987 Army Theme "The Constitution"

The Constitution as the bedrock foundation of our individual liberties was announced as the Army Theme for 1987 by joint announcement of the Secretary and the Chief of Staff of the Army. Previous themes have produced fundamental ideas and programs, each building on the years' preceeding efforts. The results have strengthened the Army's winning spirit, physical fitness, excellence, families, leadership and values. The Constitution is the foundation of the precious liberties that are part of our heritage as Americans, which the Army Reserve is sworn to protect and defend.

Army Reserve Family Programs

United States Army Reserve family actions include: publication of "The Reserve Commander's Family Action Guide"; issuance of Army Guard/Reserve family member identification cards; development of a gray area retiree benefit package; and establishment of the Defense Eligibility Enrollment System (DEERS).

"The Reserve Component Family Action Handbook" is a "how to" handbook. It provides ideas for commanders' development and execution of local Army Reserve family programs intended to make family members an integral part of our retention and readiness efforts. The handbook emphasizes unit level development of family support activities and training programs. The Army Guard/Reserve family member identification card, which is currently being issued to dependents of troop program unit members, ennances membership in the Army Reserve by providing family members a sense of identification with the military.

The Defense Eligibility Enrollment System (DEERS) is integral part of the Army Reserve family program. High priority Guard/Reserve sponsors and their dependents began being enrolled in the DEERS data base in 1986. This enrollment will ensure their receiving medical benefits if their sponsor is mobilized. More than 58,000 Army Reserve sponsors and dependents have been enrolled in this program.

"Gray Area" Benefits

A Reserve Component "gray area" retiree benefits package is being developed to cover that period between retirement from the Reserve Components and age 60, that "gray area" when Reserve retirees do not receive most of their earned retirement privileges. The benefits in the package are designed to engender and enhance membership in the Army Reserve by providing low or no cost incentives for those who qualify. The Office of the Chief, Army Reserve began staffing proposals with appropriate DA and DOD agencies in late FY 1986. Issues being reviewed include: legal services, morale, welfare and recreational activities; space available travel, transient quarters, and vehicle registration. These programs are further evidence of the Army's institutional commitment to its families.

Alcohol and Drug Abuse Prevention and Control Program

The Army Reserve has successfully entered the national effort to combat alcohol and drug abuse.

The planning phase for Army Reserve's participation in the Army's Alcohol and Drug Abuse Prevention and Control Program (ADAPCP) is complete. A comprehensive ADAPCP has been developed and will be fielded during FY 1987. The program includes:

- education and awareness instruction
- detection efforts (including biochemical testing)
- rehabilitation
- authority for administrative/disciplinary procedures (including discharge)

Regimental Plan

The Army has adopted the U.S. Army Regimental System "to enhance combat effectiveness through a framework that provides the opportunity for affiliation, develops loyalty and commitment, fosters an extended sense of belonging, improves unit esprit and institutionalizes the warfighting ethos."

The Office of the Chief, Army Reserve has developed a concept for Army Reserve participation in the regimental system. The plan generally follows that of the Active Army, but differs where necessary to enhance the identification process for Army Reserve soldiers.

The Army Reserve regimental plan is designed to integrate the Army Reserve into the U.S. Army Regimental System. The plan provides for a regimental system that can be centrally managed across the Total Army. The Army Reserve regimental plan offers the opportunity for all Army Reserve soldiers to affiliate voluntarily with a regiment, and it provides the opportunity to institutionalize the informal regimental system used by the Army Reserve since 1959.

TRAINING
the
ARMY RESERVE

ARMY RESERVE PERSONNEL
AND EQJIPMENT SUPPORTING
REFORGER

Overseas Training

The Overseas Deployment Training (ODT) Program which incorporates current wartime planning and CAPSTONE unit alignments ensures realistic, periodic training in areas where Army Reserve units may have to deploy. CAPSTONE is the program that operationally aligns and integrates the entire Total Army structure by contingency plan requirements. For the Army Reserve unit, this permits training and planning for the wartime mission.

Procedures have been established for a three-year overseas training program and a five-year overseas training plan. Priority for overseas training is based on a unit's presence on a force deployment list supporting a specific contingency plan, its CAPSTONE alignment, and its required in-country arrival date. Units within the D to D+60 category are programmed for overseas training once every three to five years. Some unit representation may be by command and control cells depending on their mission and CAPSTONE alignment.

Army Reserve ODT participation has increased from 12 units or cells in FY 1976 to 2,562 units or cells containing approximately 16,435 personnel in FY 1986. Over 2,374 Army Reserve units or cells containing nearly 24,843 personnel are projected to participate in such training for FY 1987. By using projected mobilization missions, a more equitable training selection process has been achieved. Increased Reserve Component CAPSTONE alignments also allow greater participation in joint exercises such as REFORGER and WINTEX in Europe, TEAM SPIRIT in Korea, BRIGHT STAR in the Middle East, BLAZING TRAILS in Central America, and YAMA SAKURA in Japan. The ODT experience has also proven to be a significant factor in enhancing personnel retention.

The sense of making a contribution to the national security is greatly strengthened when soldiers actually train where they may have to fight. The relevance of the overseas training experience is frequently cited by Reservists as a primary factor in their decision to stay with the program. The personnel savings and avoided training replacement costs represented by this increase in retention clearly mark the Overseas Training Program as a prudent investment in the Total Army's future.

Overseas training is an excellent training vehicle for Army Reserve units, and its expansion is fully supported. The training received overseas is focused upon wartime missions and planning. Expansion of this highly effective program in Germany, and projected growth for Korea and SOUTHCOM will require additional Active Guard/Reserve personnel to handle the coordination and administrative workload required to support the program.

Overseas Medical Training

During the past two years, Army Reserve Medical Corps officers have served in Europe with British reserve medical units. In FY 1985, Army Reserve Medical Corps officers participated in training in Korea. Medical personnel from several Reserve units and the Individual Ready Reserve also have served in Central America with Joint Task Force Bravo at the US Army hospital element at Palmerola, Honduras. Medical personnel from the 94th General Hospital, 44th Evacuation Hospital and 325th General Hospital gained valuable experience in tropical medicine by providing support to US participants during Blazing Trails in FY 1985.

Currently Army Reserve medical personnel are being selected and prepared to staff the USNS Mercy in conjunction with its initial cruise to the Phillipine Islands, February through June 1987. This medical training with Army, Navy and Air Force specialists, Active and Reserve Components, will enhance training experiences in tropical medicine. JCS exercises with Army Reserve medical participation have included WINTEX, TEAM SPIRIT, BRIGHT STAR, YAMA SAKURA, REFORGER, BATTLE BOOT, and TAMEX.

Training in Central America

FY 1986 is noteworthy as the first year Army Reserve troop program unit members were trained in significant numbers in Central American and the Caribbean Basin. In prior years individual Reservists with medical and Civil Affairs skills have benefited from training and made substantial contributions to the SOUTHCOM mission. That training continues. However, the BLAZING TRAILS exercises now are providing mobilization, deployment, and redeployment training for thousands of Army Reserve soldiers who are unit members. Army Reserve engineer units' training includes road and bridge improvement and construction assisted by Reserve Component combat support and combat service support units from departure to return.

Overseas deployment training in SOUTHCOM had previously been confined to small cells and individual personnel, and was accomplished on relatively short notice as opportunities presented themselves. FY 1986 overseas training conferences for the first time reviewed a five-year training plan for the Caribbean Basin. This plan will integrate all projected Army Reserve Component training in the area to ensure maximum training effectiveness as well as supporting host nations' efforts towards achieving self-sufficiency.

CAPSTONE

The Army CAPSTONE Program was initiated in October 1979 to promote planning relationships between Active and Reserve Component units that are associated in actual wartime operational plans. The CAPSTONE Program integrates units of all components by operational plan for four areas: Europe, the Pacific, Central Command (Rapid Deployment Force - Army), and the continental United States. Updated annually, CAPSTONE permits Army Reserve units to focus their peacetime training on wartime missions and to conduct detailed mobilization planning. CAPSTONE has fostered a closer relationship between Active and Reserve Component units, enhancing the combat capabilities of the Total Army. Army Reserve units are CAPSTONE-aligned and train toward the specific mobilization missions they have been assigned under various contingency plans.

During Team Spirit 86, an annual CAPSTONE-aligned training event held in Korea, a total of over 2,100 personnel from 24 Army Reserve units deployed and conducted training on their wartime mission and then redeployed to the United States. During exercise Brim Frost 87 elements of the Army Reserve's 12th Special Forces Group were put in survival situations where they had to accomplish their tactical mission in arctic temperatures varying from 0 degrees to -60 degrees.

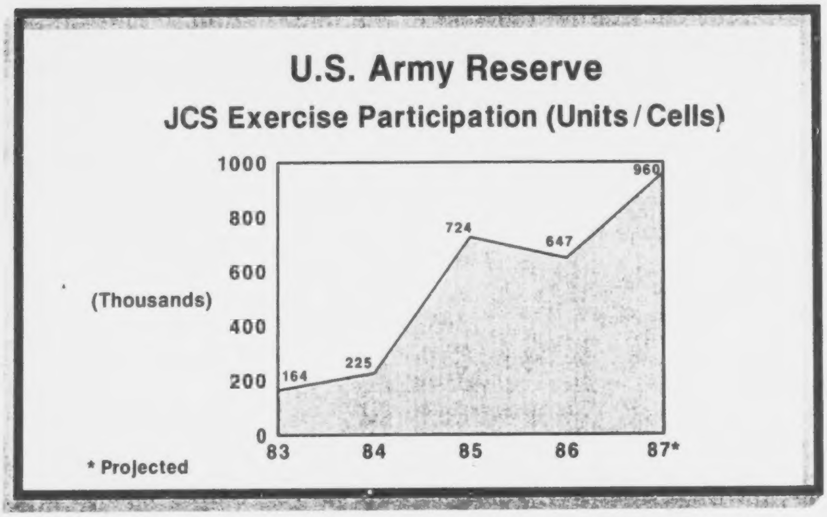
Roundout Program

The Roundout Program, although similar in some respects to the CAPSTONE Alignment Program, is specificaly a wartime alignment in which an Army Reserve unit is an organic part of a larger organization in another component (Active or National Guard). Army Reserve roundout units develop close training relationships with their counterparts and deploy concurrently, or as soon thereafter as possible. Roundout units have the same priority for equipment fill as their parent organizations.

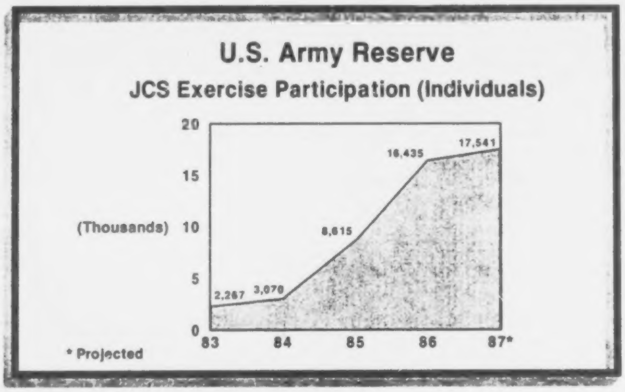
The Army Reserve has 32 units in the Roundout Program with plans to increase this number to more than 60. This would include Military Intelligence units for 90 percent of the Army National Guard's divisions, separate brigades, and armored cavalry regiments as well as Active Component combat units. The largest of the Army Reserve's roundout units is the 205th Infantry Brigade, headquartered at Ft. Snelling, Minnesota. This brigade was chosen to roundout the 6th Infantry Division (Light), the newest of the Army's Light Infantry forces. The Roundout Program is another cost-effective force structure technique that allows the Army to meet its mobilization requirements within resource limitations and manpower ceilings.

Joint Chiefs of Staff (JCS) Exercise

A basic training objective of US Army Forces Command is to train all major Reserve Component units through participation in major exercises sponsored by the unified, specified, or combined commands. Such exercises will normally constitute annual training for participating individuals and units. Army Reserve participation in Joint Chiefs of Staff (JCS) overseas exercises has grown from 164 units and cells in FY 1983 to 647 units and cells in FY 1986. In FY 1987 participation is expected to include 960 units or cells containing more than 17,500 Army Reserve soldiers. The JCS Exercise Program involves overseas deployment of equipment and troops in varied environments from Europe and Southwest Asia to the Pacific and Central Armerica.


U.S. Army Reserve

JCS Exercise Participation (Units / Cells)


U.S. Army Reserve

JCS Exercise Participation (Individuals)

Army Reserve Special Training Funds

The Army's Reserve Components contain combat, combat support, and combat service support units, which on mobilization would constitute approximately 50 percent of the Total Army. During this decade a greater reliance upon Reserve Components has been directed by the Congress and Army leadership. Because of this greater reliance, the missions of the Army Reserve have continued to expand. This expansion has increased the requirement for additional training time for Army Reservists beyond the normal 48 drills and two weeks of annual training (AT). Special training funds provide support for the additional training activities required to prepare Army Reserve units to meet these expanded mission readiness requirements.

Growth in funding for special training has been programmed through FY 1989. Special training permits Army Reserve units and unit soldiers to accomplish expanding mission-related management, maintenance, and operational tasks as well as individual skill training during periods at times other than their regularly scheduled monthly drills and AT. This complementary training capability allows monthly drills and annual training to be dedicated to consolidated unit training.

Demand for training has grown significantly during the past few years because of increasing mission-related and readiness requirements in management as well as specialized and routine unit operations, e.g., requirements for HIV screening, 40 and over cardiovascular screening, dental panographic x-rays, and increased data recording and reporting requirements. In addition to these types of activities, special training also pays for:

-Planning instruction for Army Reserve Forces Schools and preparation and updating of courses of instruction by personnel with special skills and qualifications.

-Training in foreign language skills for intelligence personnel.

-Development of unit mission mobilization plans and deployment training requirements.

-Support of Army Reserve participation in Joint Chiefs of Staff (JCS), intraservice, and interservice training exercises.

-Support of command and staff inspections and supervision to ensure training for wartime tasks is being effectively carried out.

-Support of local Reserve recruiting and retention efforts by unit personnel.

-Support of unit and competitive marksmanship training programs.

These special training activities are designed to increase the readiness for mobilization and deployment of all Army Reserve units, particularly those that must deploy to the theater of operations in the first 30 days following mobilization.

Additional Drill Assemblies (ADA)

Increases in overseas deployment training exercise participation and training tempo within the Army Reserve have highlighted a growing requirement for training in periods other than scheduled drills. Increases in full-time support have also helped identify collective training deficiencies that will adversely affect unit readiness if not remedied by additional training time. Through increases in the Additional Drill Assemblies (ADA) Program and the inclusion of Readiness Management Assemblies (administrative drills), these impediments to unit training are being overcome. The current components of the ADA Program are:

* Additional Flight Training Periods--Each Army Reserve aviator is authorized up to 24 additional training assemblies annually to maintain flight proficiency.

* Additional Airborne Unit Training Assemblies--Soldiers in Army Reserve airborne units are authorized six additional training periods each year to maintain airborne proficiency.

* Additional Assemblies for Nuclear Training--These additional assemblies are authorized to allow soldiers in units with nuclear capability additional training periods to maintain nuclear weapons employment and planning skills. Four periods each year are authorized for such training for each selected unit member.

* Additional Training Assemblies--Up to 12 training assemblies are authorized annually for key unit members to practice and rehearse their training programs for regular drills and annual training.

* Readiness Management Assemblies--These extra drill assemblies have been developed to provide additional time for the accomplishment of routine or new management or administrative functions assigned to Reserve units. Selected unit members are authorized up to 24 readiness management assemblies annually. These assemblies are used by drilling unit members to accomplish the mission-related administrative tasks which they must be able to perform when mobilized. Because these tasks are specifically associated with the units' mobilization missions, e.g., maintenance management, logistics resupply, etc., they must be performed by unit members rather than AGR or other full-time support personnel.

The Additional Drill Assemblies Program had remained relatively stable until recent years. The addition of new aviation unit missions, increased technical qualification requirements, and increasing acceptance by unit commanders of readiness management assemblies as an effective tool for improving their units' readiness are expected to cause significant growth in future years.

Physical Fitness in the Army Reserve

To meet Total Army goals, the Army Reserve will discontinue the use of the four mile march as an alternative in troop program units for the Army Physical Fitness Test (APFT). The standard Army Physical Fitness Test used by the Active Component will be administered to all Army Reservists who are qualified to participate in fitness testing.

The development of the Reserve Component Master Fitness Trainer Course has allowed more Army Reserve units to receive master fitness trainers. These highly qualified Reservists will provide a valuable asset at battalion level units for developing, implementing, and monitoring physical training within the unit. Expansion of the placement of master fitness trainers to separate companies and detachments and the continued distribution of a number of fitness publications to individual Reservists and Reserve units will continue. These initiatives have provided assistance for Reserve commanders in improving the awareness of their soldiers about physical conditioning and good health habits.

ARMY RESERVE TRAINING DIVISION
PHYSICAL READINESS TESTING

Competitive Marksmanship Training

A wide variety of programs are available to the Reserve soldier who wants to participate in marksmanship training. The soldier may start at the small unit level and can progress to the Olympic competition level, depending on individual skill and interest. Skilled Army Reserve marksmen are a critical mobilization asset as well as a highly effective training assistance to unit commanders. Army Reserve marksmanship training units found at the ARCOM level and marksmanship coordinators at the CONUSA, FORSCOM, and OCAR level, are available to assist unit commanders in conducting marksmanship training.

Through individual and unit effort, recognition of Army Reserve marksmanship excellence is achieved throughout the military and civilian community.

In national and international shooting competition, the Army Reserve continues to be an acknowledged leader. Army Reserve accomplishments at interservice, national, world championships, Pan American, and Olympic matches are many and regular, and reflect the dedication, skill and professionalism of our citizen-soldiers.

Medical Training

Flexible, professional training options should encourage new health care providers to join the Army Reserve as well as pursuading those currently in the force to remain. One recent initiative is the NURSEDETS (Nurse Detachments) Program, which is currently open to operating room (OR) nurses and nurse anesthetists, and allows flexibility in training by assigning qualified OR nurses and nurse anesthetists to units anywhere in the Army Reserve having vacancies in their specialties. In turn, these personnel are attached to local Reserve medical units for administative purposes and train in local Army medical treatment facilities (MTF). NURSEDETS training schedules are flexible enough to meet the needs of the MTF as well as individual participants' busy professional lives. There are plans for expansion of the NURSEDETS Program to other nursing specialties as well as inclusion of the Individual Ready Reserve at some point in the future.

With resident and nonresident courses available for initial and advanced training of medical personnel, the number of trained medical Reserve personnel should increase. One such course, the Army Nurse Corps Reserve Components Operating Room Course, is programmed to train 30-40 new operating room nurses each year. In addition, courses to train the enlisted personnel as military paramedics, practical nurses, x-ray technicians, and respiratory therapists will help meet Total Army shortfalls in these medical specialties. Another medical training area receiving greater emphasis is military education. This emphasis on basic and advanced officer and NCO training will provide trained and better informed Army Reserve leaders in the Army Medical Department.

Centralized School Training Management

Since 1981, improvements have been made in the management of Army Reserve resident course training needs. From a decentralized system in which many commands reported requirements and allocations, the Army Reserve has moved to an automated system which identifies all requirements for both nonprior service accessions and in-service ADT training of unit and IRR personnel.

Utilization of available service school courses continues to show a dramatic improvement due to greater publicity of various course opportunities for Army Reserve units and individual soldiers. Increased resident schooling participation allows the Army Reserve soldier to receive the same training on new equipment and doctrine as his Active Component counterpart.

During FY 1989, a fully centralized school training management system for all in-service ADT resident service school requirements is expected to be fully operational at ARPERCEN. Under this system, quota management and allocation, ADT orders publication, and funding will be centrally managed. Centralization will promote improved programming of training requirements and supporting funds, and increase cost-effectiveness and timely responsiveness to the training needs of the unit and the individual soldier.

Reserve Training Action Plan

The Army Reserve is currently working with other Department of the Army agencies to develop and implement a comprehensive action plan for Reserve Component training. Funds, personnel, equipment, and military construction required to begin implementation of the action plan were provided in the FY 1987 budget. Even though the plan is not fully funded, approximately $24 million will be available to begin Army Reserve plan implementation in FY 1987. Initiatives addressed by the action plan are:

-Noncommissioned Officers Education System (NCOES) Implementation

-Officer/Warrant Officer Training Enhancements

-Full-Time Manning Training Expansions

-Military Occupational Specialty (MOS) Qualification Improvements

-The Army Correspondence Course Program Updates

-Regional Training Sites Expansions

-Training Aids/Devices Fieldings

-Army Reserve Forces Schools Expansions

The plan is intended to integrate all Army Reserve training initiatives into a balanced and comprehensive package that will be responsive to the known and evolving training needs of the Army Reserve. The plan is designed to balance requirements and resources, to set priorities for programming and budgeting, and to focus various related training development efforts on achieving a clearly defined goal.

Details of several of these initiatives are as follows:

Officer Basic Course: Available in all branches of the Army, the officer basic course must be completed in residence (eight weeks) by all newly commissioned lieutenants prior to consideration for promotion from second lieutenant to first lieutenant and captain. No longer can the officer basic course be completed through the Army Correspondence Course Program (ACCP) option. Officer basic courses are designed not only to specifically branch qualify new officers, but also to provide initial exposure to military leadership and organizational management techniques.

Officer Advanced Course (OAC): This intermediate level course is available in all branches, and may be completed through residence at the proponent or branch service schools, the US Army Reserve Forces School (USARF), or the Army Correspondence Course Program (ACCP). The latter two options, however, have mandatory two-week resident phases at the branch schools. The USARF School option has been reduced from a six-phase course (three years) to a four-phase course (two years). The OAC is designed to cover general military subjects, management, command and support functions appropriate to the company/battalion level. Completion of the OAC is mandatory for promotion consideration to major.

Command and General Staff Officer Course (CGSOC): This course is available in residence (19 weeks and 38 weeks), US Army Reserve Forces Schools, and Army Correspondence Course Program option. Fifty percent of this course must be completed prior to consideration for promotion to lieutenant colonel, and 100 percent completed for promotion to colonel. This course provides instruction in leadership, command and staff procedures, and techniques of the Army in field and major commands.

Warrant Officer Program: Beginning 1 October 1985, direct appointments to warrant officer in the Reserve Components were discontinued. Soldiers seeking warrant officer appointment now must complete a triple check process that requires:

- selection by board action;
- completion of the Warrant Officer Entry Course (WOEC); and
- completion of technical certification training.

Technical certification training must be completed within two years of the WOEC. Upon satisfactory completion, soldiers are appointed as Army Reserve warrant officers. By January 1988, the new RC warrant officer training system will be in place with full implementation beginning in October 1988.

Nonprior Service Training

Persons enlisting in the Army Reserve without active duty experience require the same recruit training as active duty enlistees, and for the same reasons. Reserve and Active Duty enlistees, while in recruit training, serve in the same training units ensuring that their training is identical. Each nonprior service enlistee in the Reserve Components undergoes, as a minimum, 12 weeks of Active Duty for Training.

The planning considerations for Reserve Component personnel initial training are similar to those for the Active Component; detailed phasing of this training is further complicated, however, by the additional considerations of civilian employment and school commitments.

The development of all service members through formal training generally follows a common pattern: first, enlistees are trained to develop basic attributes; then they receive training in skills required for a military job at the basic skill level. Those soldiers who remain after their initial enlistement (career members) receive additional formal training to prepare them for more responsible positions.

The Army One Station Unit Training (OSUT) Program combines recruit and initial skill training as a single course. Thirty-eight percent of Army Reserve Components' entrants, will receive OSUT. This combination of training turns civilians into soldiers qualified to fill positions in military units.

Prior Service Training

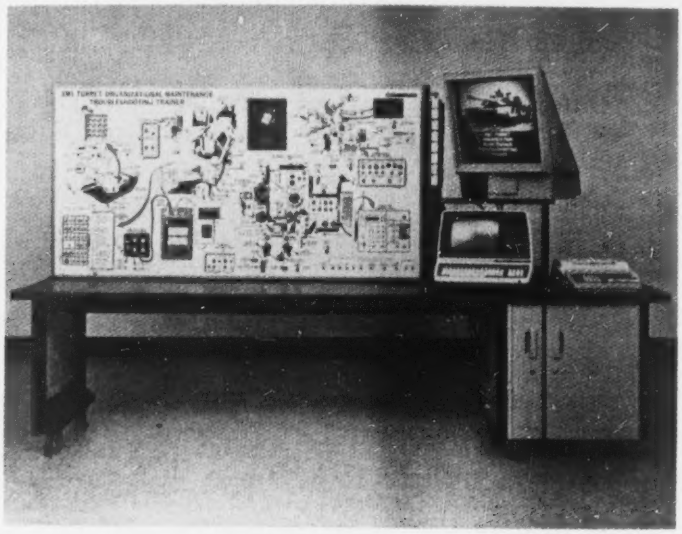
Reserve Component personnel beyond the initial entry stage are also trained by the Active establishment. The majority of this training is on the more advanced levels of specialized skill training, and fills the same demands for skill progression or new equipment training required of Active Component members.

The requirement for skill progression arises from several factors: the introduction of new equipment; the need to produce higher degree of skill; the need to impart broader base of knowledge for supervisory responsibility; the need to bring individuals up to date on latest information and techniques in their skills.

The Army Reserve is also deeply involved in functional training that cuts across the spectrum of military occupational specialties and provides additional required skills without changing students' primary specialties or skill levels. Included in functional training are such courses as Airborne, Ranger, Special Forces qualification, many specialized NCO supervision courses, language training, and courses related to specialized equipment. Consideration for promotion may depend on successful participation in these professional development education programs.

Training Devices/Simulators

US Army Reserve organizations train individuals and units in a wide assortment of logistical, medical, Infantry, Special Forces, Aviation, Engineer and Signal wartime missions. Most equipment now in the Reserve is a result of equipment displacement from Active Component units and is presently being used for Reserve unit training. With the fielding of new equipment in both the Active and Reserve Components in recent years, there has been increased demand to field new training devices to support the equipment utilization and operating tempo. Generally, the devices allow for realistic training to increase individual and unit training readiness at a fraction of normal operating costs. In instances where CAPSTONE alignment requires immediate reserve force support to maintain and operate modern equipment, the training devices now being fielded become invaluable in preparing Reserve units and individuals for their missions.



M-I TURRET ORGANIZATIONAL MAINTENANCE TROUBLESHOOTING TRAINER

The Office of the Chief, Army Reserve in determining requirements, developing distribution plans and tailoring device hardware, works in coordination with US Army Forces Command to best support unit missions. Training devices currently being employed and procured to support unit missions include the Multiple Integrated Laser Engagement System (MILES) which can be used in local training areas which would otherwise be unusable due to live-fire restrictions; maintenance trainer systems such as turret mock-ups and troubleshooting flat panel trainers for M-1 tanks; M2/3 Bradley Fighting Vehicles to provide mechanics with hands-on training on state-of-the-art equipment; Mobile Conduct of Fire Trainers (MCOFT) to maintain perishable gunnery skills by incorporating mobile capability specifically to support Reserve Component units; and Army Training Battle Simulation Systems (ARTBASS), van-mounted training devices designed to allow command and staff personnel to exercise realistically and prepare for real world contingencies. Funds programmed in FY 1987 for Reserve Component training devices totalled $17.3M. Deliveries of the devices mentioned above will begin in FY 1988.

NCOES TRAINING

Noncommissioned Officer Training

Army Reserve NCOs are now required to complete Noncommissioned Officer Education System courses at their current grade before promotion to the next higher skill level. This change underscores the commitment by the Army Reserve to improve its NCO leadership's technical competence.

Required NCO professional development courses will improve the tactical and battlefield leadership and survival skills of our NCOs. A major Army Reserve commitment to MOS enhancement training, a necessary foundation to maintain and improve MOS proficiency, is now underway. By FY 1990, the NCOES Program of instruction will be configured specifically for the Reserve Components by developing NCOES courses to parallel the Active Component. Reconfigured NCOES-RC courses, such as the Primary Leadership Development Course, are being offered by US Army Reserve Forces schools.

The NCOES-RC training strategy is to implement the Reserve Components Basic Noncommissioned Officers Course (BNCOC) FY 1988. BNCOC will provide leadership and MOS-specific training in Active and Reserve Components combat arms, combat service, and combat service support activities.

By FY 1988, the Advanced Noncommissioned Officers Course (ANCOC-RC) is also programmed to be implemented in the US Army Reserve Forces schools. This course will provide NCOs advanced leadership and training skills as well as advanced MOS-specific training.

The Army Reserve has established a management and coordination office for NCO professional development at ARPERCEN.

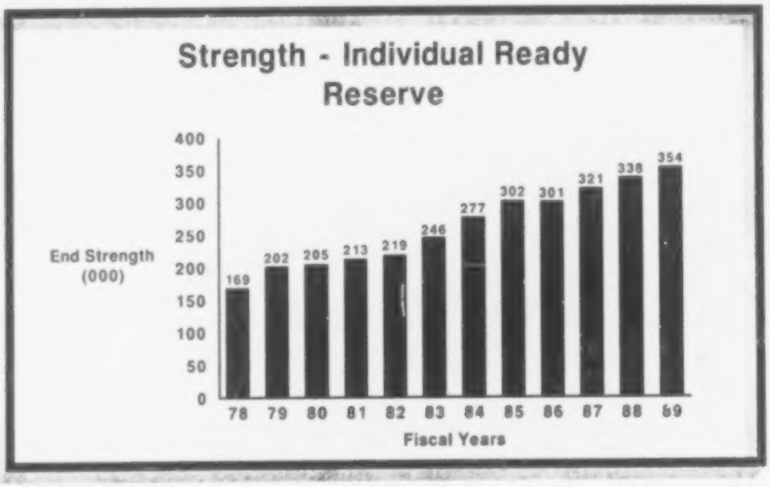
US Army Sergeants Major Academy

Army Reserve participation in the resident and nonresident programs of the US Army Sergeants Major Academy (USASMA) has significantly increased since 1981. The number of Army Reserve NCOs participating in the resident course has increased nearly threefold, and nonresident course enrollment has increased by more than 40 percent. Expansion of USASMA's Total Army instructional facilities, located at Fort Bliss, Texas, will allow FY 1988 Army Reserve participation in the Sergeants Major Course (Resident) to increase by 60 percent. In FY 1986, Army Reserve NCOs' participation in the USASMA First Sergeants Course has increased by 20 percent.

In keeping with the objective of USASMA, the presence of Army Reserve NCOs will provide opportunities for greater interface between Active and Reserve Component noncommissioned officers.

In FY 1986, Army Reserve NCOs participated in the USASMA Operations and Intelligence Course. The course develops senior NCOs serving in battalion and corps level operations/intelligence (O/I) positions and enhances Army Reserve readiness by substantially improving the skills of senior NCOs. Increased participation is programmed for Army Reserve in O/I Course at USASMA FY 1988 and 1989.

Advanced resident NCO training will increase the professional qualifications and mobilization readiness of our Reserve NCO corps and those whom they lead.



Individual Ready Reserve Training

As the nation's largest source of pretrained individual manpower, the Individual Ready Reserve (IRR) is a critical element in the Total Army's mobilization planning. The readiness of IRR soldiers to fill identified wartime shortages, and their ability to perform successfully in Active and Reserve units upon mobilization are essential factors in the mobilization equation. Soldiers are trained to sustain and improve their individual readiness based on priority mobilization requirements.

IRR mobilization training maintains the focus of enhancing individual readiness through a combination of programmatic training initiatives and options. The primary mobilization training vehicle for IRR soldiers is Active Duty for Training (ADT) in various readiness training, refresher training, and professional development programs. Mobilization training provides for skill-oriented sustainment training and career development commensurate with the individual soldier's grade and professional development needs.

IRR sustainment training includes: readiness training with AC and RC units; refresher training for enlisted bonus recipients; and attendance at TRADOC, Army Reserve Forces, and other schools for specialty-enhancing courses. Career development includes participation in the Primary Leadership Development Course (PLDC) of the Noncommissioned Officer Education System (NCOES), or in the Officer Education System in schools required for promotion (OBC, OAC, CGSC), and the Warrant Officer Training System.

A secondary mobilization training vehicle for IRR soldiers is participation in MACOM-funded support tours. These tours provide the opportunity for IRR soldiers to employ previously acquired skills while making a valuable contribution to the Army Reserve mission and the overall preparedness of the Total Army. Tours of this category include: exercise support; AT site support; and mission support. Training programs have been developed to train specific groups of soldiers, including junior noncommissioned officers, Military Intelligence, and medical personnel. These options offer further flexibility in training Individual Ready Reserve soldiers.

Individual Ready Reserve Training Issues

During FY 1985 and FY 1986 a number of issues associated with Individual Ready Reserve (IRR) training were highlighted. Among these were:

- The need for a comprehensive training strategy for the IRR.

- The need for a systematic method of identifying and prioritizing IRR MOS training.

- The need for an Army policy for IRR training which would establish training guidelines, documentation, and evaluation procedures.

- The need for a system-wide IRR training model.

- The need to expand, manage, and evaluate IRR training opportunities.

These training issues are currently being developed by HQDA agencies and MACOMs involved in IRR training and mobilization utilization.

Current IRR Training

While the issues identified to improve IRR training are being worked on, training of the IRR continues. Conduct of the IRR muster during 1986 provided valuable information about the IRR force. Nearly 7,000 IRR soldiers participated voluntarily in the muster, that provided a sampling of the physical condition, skill retention, demographics and training propensity of the IRR force.

The Army Reserve Personnel Center (ARPERCEN) trains the IRR using a training plan that provides varying levels of intensive personnel management. Based on currently identified mobilization fill requirements, IRR soldiers are selected and trained through one of the following programs or techniques.

* Lieutenant Training. ARPERCEN's Lieutenant Management Program has several initiatives in development which will provide education and experience beyond the level of the officer basic course to Reserve Forces Duty (RFD) lieutenants. For example, the Reserve Officer Mobilization Training (ROMT) Program, now in its pilot phase, places RFD lieutenants on familiarization tours of up to 179 days as platoon leaders with Active Army units, prior to their assignment to Army Reserve troop program units (TPU).

* Troop Unit Vacancy Fill. ARPERCEN's officer personnel managers are continuously informed of officer vacancies in Army Reserve troop units and constantly seek qualified IRR officers to fill these vacancies. Generally, the final decision on vacancy fill rests with the unit commander. ARPERCEN ensures the commander has as many options as possible and that available IRR officers are informed of unit assignments for which they are qualified. Rosters of IRR personnel are printed by geographic area and distributed regularly to local commanders and recruiters to assist in unit recruiting. Soldiers are contacted regularly by career managers at ARPERCEN in an effort to fill unit vacancies. Assignment of individual soldiers to units has been and will continue to be top priority for ARPERCEN.

Individual Mobilization Augmentee (IMA)

The IMA Program, a key element of the Army Reserve's programmed personnel management concept, provides its members the opportunity to train from 12-14 days annually with units and agencies of assignment. During their AT, Individual Mobilization Augmentees participate in a variety of training activities to develop and maintain their proficiency in skills specifically required upon mobilization. Historically, this annual training has been complemented by periods of active duty for training or schooling (funding permitting), or inactive duty training (for participation points only).

Recently several agencies and headquarters have established test requirements that allow IMA reservists to "drill" up to 24 times a year in their assignments in addition to their annual training. Current plans call for extending these drills to 10 percent of the IMA Program in FY 1988 and eventually to 20 percent by FY 1992. Implementation of the drilling IMA concept will provide additional professional development opportunities within the Selected Reserve, improve Total Army mobilization readiness, and enhance Army Reserve personnel retention efforts.

* Mobilization (Counterpart) Readiness Training. This is the primary method of IRR training. Individual Reservists volunteer for ADT tours of from 12 to 35 days to train on-the-job with Active Component units in positions appropriate to their grades and military skills. ARPERCEN arranges such training for all skills, all grades, all seasons of the year, and in virtually every MACOM and geographic area.

* Professional Development/Education. IRR soldiers are required to meet the same military education standards as other Reservists. ARPERCEN receives quotas for courses. IRR soldiers are assigned schooling opportunities based upon the same professional development criteria used throughout the Army.

* REDTRAIN Program. The ARPERCEN Readiness Training (REDTRAIN) Program encompasses the training IRR Military Intelligence personnel selected to participate in live environment training (LET), training at consolidated training facilities (CTF), in language refresher training, and in realistic intelligence-oriented CPXs and FTXs. Participants will be primarily those soldiers who have a specialty skill identifier or functional area which supports the combat electronic warfare intelligence (CEWI) organization and mission. The training varies in length and is designed to preserve the expertise of the Reservists.

* Continuing Health Education (CHE). Army Reserve medical professionals, including those in the IRR, attend educational training that meets specified professional requirements for continuing medical education. The medical professional, officer or enlisted, can select from a wide variety of military or civilian-sponsored training opportunities. Military conferences, symposia, and seminars are sponsored by the AMEDD Professional Post-Graduate Short Course Program and include both Army and tri-service programs.

* Mission Support Training. This type of training permits the Army Reserve to use its expertise to support its own programs on a short-term basis. Special Active Duty for Training (SADT) tours of up to 179 days may be authorized for specific, temporary duties requiring Army Reserve expertise in support of annual training, Reserve participation in exercises, and other selected activities.

* Division Attached Ready Reserve Training (DARRT). DARRT annually attaches Individual Ready Reserve officers for training with selected Active Component units for training The program fosters bonding between the individual soldier and the unit and allows Reservists to perform training tasks similar to those they could expect to perform upon mobilization. In FY 1987, the DARRT program is being expanded to include enlisted Reservists. During FY 1987, more than 1,000 IRR soldiers will perform tactical field training with five Active Component combat divisions under the DARRT Program.

* Ground Liaison Team (GLT) Program. Army Airland Battle doctrine emphasizes close coordination between air support and ground forces. Until the recent establishment of the GLT Program, this critical link has not been addressed within the Reserve Components. The GLT Program, developed in cooperation with the Air Force Reserve and Air National Guard, enables Air Defense, Military Intelligence, or operations-qualified Individual Ready Reservists (IRR) to build and sustain proficiency in the tactical and technical skills involved in orchestrating mutually supporting air and ground functions. Under this program, IRR officers and enlisted personnel are attached as teams to Air Force Reserve and Guard units. The program provides each soldier 38 days active duty training annually.

The GLT Program began in FY86 with 24 officers attached to six Air Force Reserve and 16 Air National Guard units. During FY87 it will expand to 112 officer and 224 enlisted positions in 61 Air Force Reserve and Guard units. The Ground Liaison Team Program successfully retains highly skilled officer and enlisted personnel by providing challenging and meaningful training clearly associated with mobilization requirements. In addition to the positions established with the Air Force Reserve and National Guard, new positions are programmed within the Military Airlift Command (MAC) and with electronic warfare units.

* Skill Level 2/3 Training Program. Enlisted Individual Ready Reservists in high priority skills are being given standardized junior leadership and skill enhancement training. Training is conducted at formal Army schools under the direction of the US Army Training and Doctrine Command. As a related issue, a skill decay analysis also is being conducted. Soldiers are being trained to Army standards and tested. Subsequent testing is done at predetermined intervals following the training. The results will be used as a basis for designing training that will enhance skill retention, and for measuring the training status of individual soldiers.

* Lieutenant Training. ARPERCEN's Lieutenant Management Program will continue to emphasize attendance at the officer basic course and assignment to a troop program unit for newly commissioned officers. This will provide Reserve Forces Duty lieutenants with the technical skills and troop leading experiences vital to the success of company-level operations. Additional readiness training and officer advanced course completion are also stressed for company grade officers.

Aviation Training

The Army of Excellence (AOE) restructure is significantly altering the nature of Army Reserve aviation training. The fielding of four attack helicopter battalions with the AH-1S TOW Cobra coupled with continuing delivery of UH-60 Blackhawks gives Army Reserve aviation a new combat support orientation. Combat missions are increasing Army Reserve aviation operational tempo significantly.

In FY 1988 and beyond, additional flight training periods (AFTP's) will be doubled to 48 periods for units with an attack mission. Other aviation units will have annual AFTP's ranging from 24 to 38 depending on the complexity of their combat mission. More aviation and full-time support personnel will be required to man the new AOE force and accommodate the increased training and maintenance requirements associated with these new missions.

Many of the new aviation personnel requirements will be recruited and staffed from the Individual Ready Reserve (IRR) pool. A significant number of nonprior service personnel must likewise be recruited to infuse youth into Army Reserve aviation's predominantly Vietnam-era experience base. Transition or cross training is also dictated by the introduction of more modern aircraft into the Army Reserve. Aviators and enlisted personnel will be trained in skills that previously had not existed in the Army Reserve. These training requirements have been programmed for FY 1988 and FY 1989.

ARMY RESERVE AVIATION TRAINING

Army Reserve Flying Hour Program (FHP)

In FY 1988 the Army Reserve for the first time will require in excess of 100,000 flight training (flying) hours. A seven percent growth in flying hours has been programmed for both FY 1988 and FY 1989. Unit flying hour models are now effective, and helped make FY 1986 the most productive training and accident-free flying year yet for the Army Reserve. (No serious or fatal accidents were recorded.)

Aviation Flight Simulators

The mainstay of Army Reserve flight simulation, the UH-1 Synthetic Flight Training Simulator, continues to be available throughout CONUS. Now that the Army of Excellence (AOE) conversion of Army Reserve aviation units brings the UH-60 Blackhawk and AH-1S TOW Cobra into our inventory, the Army Reserve will avail itself of their respective combat flight simulators. A primary consideration in stationing of many new AOE units is the proximity of these highly efficient and cost-effective flight simulators.

Individual Ready Reserve (IRR) Aviation Training

A concerted effort has been focused on the development of IRR aviation training opportunities. These IRR flight training opportunities will increase to 1,000 in FY 1988 and 1989. Not only have the opportunities increased, but the quality of training and total hours flown have also increased. Programs of instruction (POI) emphasizing tactical skills and specific flying hour requirements have been developed and issued. IRR aviators are now receiving more training conducted by AC or RC instructor pilots. As the total flight training hours have increased so have variety of aircraft. In concert with an expanding TPU combat aviation mission, the IRR is expanding flight training opportunities in the newer AH-1 TOW Cobra and UH-60 Blackhawk.

Whenever possible, IRR aviators and aviation enlisted personnel train annually with the same unit in an effort to improve unit cohesiveness and familiarity with unit operational procedures.

Increased aviation training activity will increase the need for aircraft maintenance. In FY 1988 and FY 1989 the Army Reserve air fleet will be required to operate at its highest-ever maintenance tempo. Required full-time manning will be the linch-pin in the achievement of both maintenance and training operational tempos. Full-time manning will also influence aviation safety and standardization. The creation of Army Aviation as a branch has done much to focus attention on the resources needed for aviation training in the Army Reserve.

Regional Maintenance Training Sites

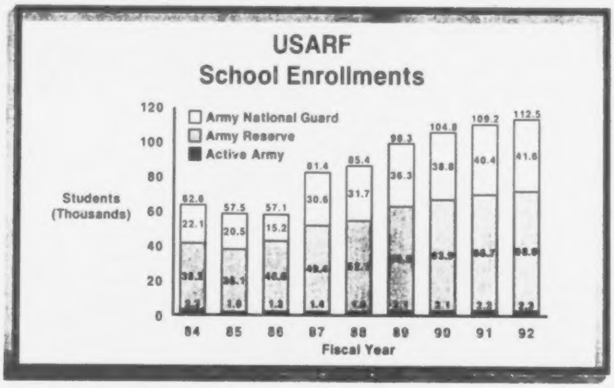
Regional maintenance training sites (RMTS) will provide maintenance transition and sustainment training during peacetime enabling the U.S. Army to mobilize and deploy RC maintenance companies capable of supporting current and force modernization systems.

There are two categories of RMTS. The first is a standard RMTS which provides individual training on combat vehicles and weapons systems. The second is a high technology RMTS which provides the same type of training on low density, highly technical electronics and communication systems. Nineteen standard RMTS and two high technology RMTS locations are planned for implementation by FY 1992. Four of these sites are presently operational and two more will be by the end of FY 1987. Each site will be staffed by six full-time administrative personnel. Cadre will consist of TRADOC school-certified instructors provided by using units, US Army Reserve Forces schools, and TRADOC schools.

Army Reserve Forces Schools

Army Reserve Forces (USARF) schools operate as troop units to provide prerequisite military education to members of the Total Army. The USARF schools offer training in the Command and General Staff Officer Course, officer advanced courses, enlisted MOS courses, and NCO leadership courses. Particular emphasis and direction is toward MOS and NCO courses, which, on the average, comprise about 70-75 percent of the total USARF school enrollment.

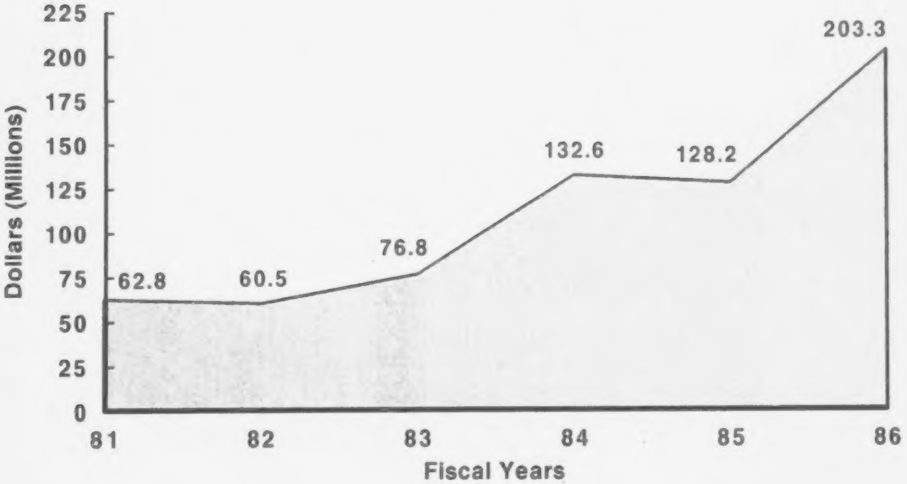
During the 1970's, the 91 USARF schools had an authorized strength of approximately 6,000. In FY 1987 and FY 1988 the combined staff and faculty strength will be 11,200 and 13,000 respectively. The growth of the USARF schools' staff and faculty represents a strong commitment by the Army to provide quality educational opportunities for all soldiers. Such growth is an investment in future competence and mobilization readiness.



EQUIPPING
the
ARMY RESERVE

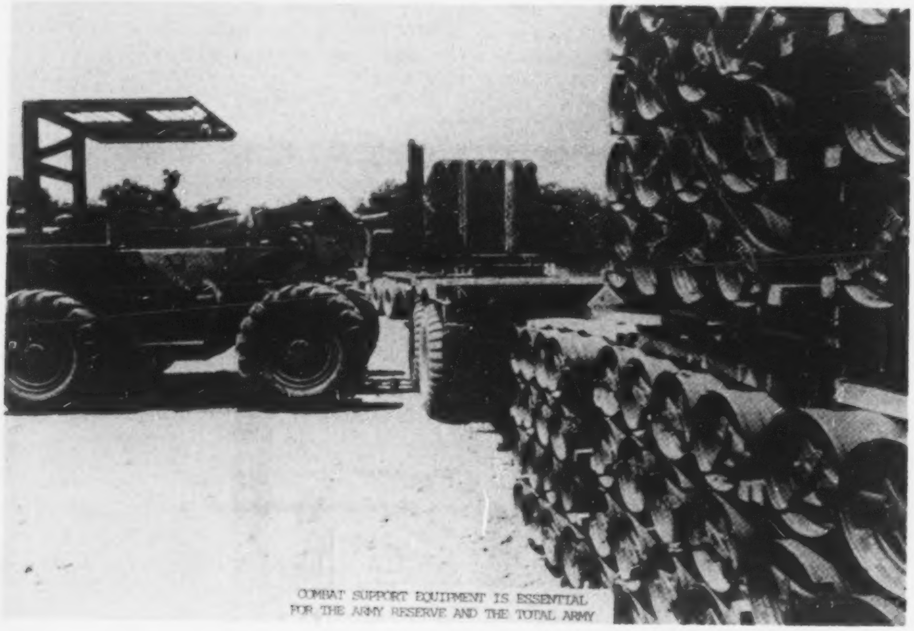
Equipment is an essential ingredient of readiness, since personnel must have the equipment needed to train and to perform their wartime mission. Units must have on-hand or available the quantity, type, and quality of equipment necessary for training. The remainder of a unit's wartime equipment requirements must be made available to it upon mobilization prior to deployment so it can perform its wartime mission.

Value of Equipment Issued to the Army Reserve



PRIORITIES

Total Army equipment distribution policy is that the first unit to fight will be the first unit equipped regardless of component. In addition, the Army has adopted a "distribution to readiness" allocation process. Units now have three categories of equipment identified by readiness codes (ERC) - A, B, or C. These codes reflect the criticality of an item to a unit in combat. ERC-A items are mission-essential such as wire and associated equipment in Signal units and ammunition vehicles in Field Artillery units, and are used to determine the unit's readiness status rating. The new policy provides ERC-A equipment requirements regardless of component, before distribution of scarce resources to fill less critical ERC-B or ERC-C shortages (such as wire and associated equipment to nonsignal units or individual weapons to noncombat units). This policy should provide more equipment to the Reserve Component, without degrading Active Component readiness.

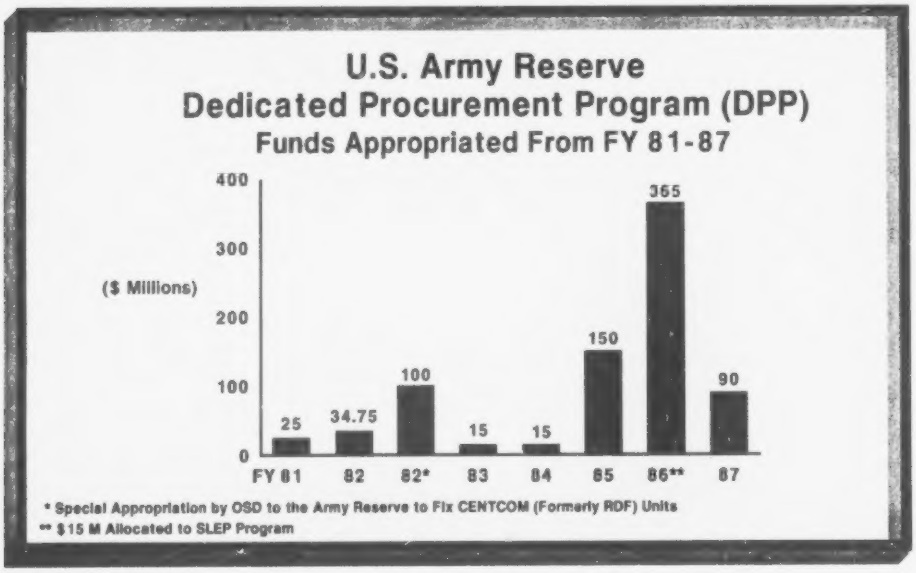


COMBAT SUPPORT EQUIPMENT IS ESSENTIAL
FOR THE ARMY RESERVE AND THE TOTAL ARMY

Dedicated Procurement

Progress has been made in obtaining substantial quantities of more modern equipment for the Army Reserve through the Dedicated Procurement Program. Since 1981, the Army Reserve has received nearly $795 million in dedicated procurement funding as a result of Congressional and OSD initiatives. Equipment procurement has been primarily aimed at enhancing readiness of early deploying units. Beginning in FY 1987, equipment will also be identified to ensure that Army Reserve training divisions too have sufficient equipment to train the trainers. For FY 1987, Congress appropriated $90 million for Army Reserve equipment. This is in addition to redistribution of Active Component equipment and the equipment valued at more than $664 million received since FY 1981 from the Army procurement system.

As a result of increased issues of critical equipment, Army Reserve units have experienced improvements in their readiness posture. It should also be noted that due to the current unit readiness rating system's handling of the effect of such factors as mission changes, reorganizations, and the need for qualification training associated with new equipment, many improvements in actual warfighting ability wrought by this new equipment go unreported. The improvements are there; however, the current system is not designed to recognize them.



Minimum Essential Equipment for Training (MEET)

The MEET Program was initiated in July 1983 as a result of a VCSA tasker to remedy equipment shortages that impair unit training in Reserve Component units. While current focus is on MEET for all RC units, initial emphasis was on later-deploying or nondeploying units, such as training divisions.

This initiative is intended to provide each Reserve unit with enough equipment to train adequately in accordance with its mission essential task list (METL). Units will receive equipment through various means:

- Redistribution;

- Cross-leveling; and

- Procurement issued by the Army Material Command (out of DAMPL, DPP).

In developing MEET lists, unit commanders must consider all equipment and resources normally available for training within a reasonable distance.

MEET execution is taking place in two phases:

The intent of Phase 1, still ongoing, is to fill shortages of some 600 line items (frozen in 1984 at 533 line items by VCSA) for later- and nondeploying units by FY 1987. So far, units, ARNG and Army Reserve, have received equipment through MEET, with 200 more validated by ODCSLOG and slated to receive equipment in FY 1987. Through MEET, the dollar value of equipment distributed as of April 1986 was $29.3 million for the Army Reserve. As of first quarter, FY 1987, the percentage of fill for Phase 1, broken out by CONUSA, follows:

1st Army - 47%

2d Army - 65%

4th Army - 65%

5th Army - 61%

6th Army - 62%

Phase 2 is the institutionalization of MEET. AR 350-XX, Minimum Essential Equipment for Training Reserve Components, will set policy for MEET -- the program will be open to all RC units with an identified equipment shortage. Development of all MEET lists will be a coordinated effort among the Department of the Army, US Army Forces Command, US Army Training and Doctrine Command, US Army Materiel Command, the National Guard Bureau, and the Office of the Chief, Army Reserve.

Army Reserve Truck Service Life Extension Program (SLEP)

The Congress appropriated $15 million in FY 1986 for the Army Reserve to upgrade its two-and-a-half- and five-ton trucks. The funds will be used to convert these trucks to multi-fuel or diesel configuration, and upgrade nearly 500 gasoline powered five ton-trucks.

The SLEP is vital to the readiness of the Army Reserve truck fleet. The large number of gasoline fueled engines in the Army Reserve truck fleet have become difficult to support, and significantly degrade unit mission capability.

Psychological Operations Equipment Maintenance

Army Reserve depot maintenance program will continue to upgrade PSYOP printing equipment in FY 1987. The PSYOP printing capability will be modernized with state-of-the-art technology to support Total Army SOF unit mission requirements.

Area Maintenance Support Activities (AMSA)

An AMSA is an Army Reserve activity established to provide, on an area basis, technical assistance and unit maintenance support beyond supported units' capabilities to accomplish during scheduled training assemblies. AMSAs are designated as follows:

a. AMSA(G). Provides maintenance support for Army Reserve ground equipment, other than aircraft, medical, and watercraft.

b. AMSA(W). Provides maintenance support for Army Reserve watercraft and amphibians.

c. AMSA(G/W). Provides maintenance support for Army Reserve ground and watercraft equipment.

The annual budget for the AMSAs is over $118 million. These funds support AMSAs' mission of unit level maintenance for 80 percent of Army Reserve unit equipment. AMSAs are manned by maintenance technicians. The total manpower requirement to operate the AMSA's is 2,516 personnel (mostly Army Reserve technicians and Department of the Army civilians). There are approximately 141 AMSA's located throughout the country. AMSA's play the major role in maintaining Army Reserve equipment readiness and will be especially vital to the Army Reserve during mobilization.

Medical Equipment

Medical equipment for wartime, and training sets for peacetime, are a priority for Army Reserve medical units. A new system of field medical equipment, Deployable Medical System (DEPMEDS), has been ordered for all Army Reserve TOE hospitals. This new equipment is designed to be compatible with medical equipment currently being procured by the other uniformed services. DEPMEDS training sets and regional medical training centers (RMTC) are being developed for peacetime training of Army Reserve medical soldiers. DEPMEDS equipment is scheduled for initial production beginning in FY 1987. The Army Reserve will receive 94 DEPMEDS units by FY 1993. These units will be stored in depots in the United States, in the RMTCs, and at selected overseas locations.

Electronics Maintenance

Under the US Army Communications-Electronics Command's coordinated logistics support and shelter repair total assembly programs, the Army Reserve upgrades its communication-electronics equipment. During FY 1984, Army Reserve units' communication and electronics equipment sets underwent a complete inspection evaluation and were scheduled for depot maintenance. In late FY 1985 the Army Reserve began cycling communications and electronics equipment through the repair program, and in FY 1986 it completed 360 items of equipment. In FY 1987 the Army Reserve plans to complete the repair of another 250 items of communications and electronics equipment.

The program provides for direct exchange of items to provide quick turn around to owning units. Items that cannot be exchanged are being repaired as part of the depot repair and return program. This approach improves unit readiness and ensures equipment availability for training.

ELECTRONIC EQUIPMENT MAINTENANCE
IN THE ARMY RESERVE

Army Reserve Aviation Program

Army Reserve aviation assets are old and growing increasingly difficult to maintain. (The Army Reserve's fixed wing fleet consists of aircraft approximately 25 years old.) Extensive upgrading of the fleet has been undertaken because newer U21 and C12 aircraft have not yet been programmed as replacements. These upgrades utilized dedicated procurement funds to purchase new avionics packages for all Army Reserve U8 aircraft. An engine and propeller upgrade for the U8 fleet was funded through the depot maintenance program. Although repair parts will become increasingly difficult to obtain as the fleet ages, the Army Reserve will continue to maintain its aviation fleet with depot maintenance funds.

The Army Reserve began receiving the UH-60 Blackhawk helicopter in operational units during the fourth quarter of FY 1986 and will continue to receive them thru FY 1990. Starting in FY 1988 the Army Reserve will begin to receive the AH-1 attack helicopter. These will be the first attack helicopter units in the Army Reserve. The balance of the Army Reserve rotary wing fleet consists of aging UH-1, OH-58A, and CH-47A and B helicopters.

MEMBERS OF THE 219th TRANSPORTATION COMPANY
PERFORM MAINTENANCE ON AN ACTIVE ARMY
BLACKHAWK HELICOPTER AT SCOTT AFB, ILLINOIS

The success of aviation maintenance training depends on the issue of the latest aircraft and support equipment to aviation intermediate maintenance (AVIM) units. Without this equipment available for training, AVIM units will not be able to accomplish their wartime mission. In FY 1983-1984 the first UH-60 helicopters were provided to Army Reserve AVIM units. Four of the five Army Reserve AVIM companies each received a UH-60 to use for maintenance training to meet its wartime mission requirements. These UH-60's, part of an operational readiness float (ORF) program, are received, repaired, and returned to supported Active Component units. Action is currently underway to obtain AH-1's for use in AVIM's prior to activation of Army Reserve attack helicopter units.

Clothing

The battle dress uniform and other organizational clothing and individual equipment (OCIE) continues to be issued to Army Reserve troop unit members. The items being issued are:

- The Personnel Armor System Ground Troop (PASGT) helmet.
- Combat vehicle crewman uniform.
- Extended cold weather clothing.
- PASGT vest.

Other programs also contribute to enhanced readiness and sustainability of Army Reserve units. One such program is the issue of the Army's new camouflaged chemical protective battle dress overgarment (BDO). Plans call for completing the initial issue of 150,000 sets of BDO's to the Army Reserve by FY 1988.

BATTLE DRESS UNIFORM

CHEMICAL PROTECTIVE BATTLE DRESS
OVERGARMENT

Automation Support for the Army Reserve

Numerous studies and experience gained through mobilization exercises have identified significant problems in Reserve Component automation support. The Continental Army Management Information System (CAMIS) was being developed as a major computer-based information resource management system to support the Army Reserve and Army National Guard's command and control systems. CAMIS was recently redesignated the Reserve Component Automation System (RCAS) and its acquisition strategy modified to allow for modular implementation.

The RCAS Program, which is funded at $475 million, consists of three integrated and complementary program modules: Mobilization Command and Control (MOB C2), Standard Army Management Information System (STAMIS) Support, and Unit Administration.

The MOB C2 module addresses the unique requirements of Reserve Component mobilization. It interfaces with a number of standard Army management information systems (STAMIS) to extract essential data. MOB C2 will employ existing or programmed hardware and communication networks at all levels -- from Army Reserve centers and National Guard armories to the Department of the Army.

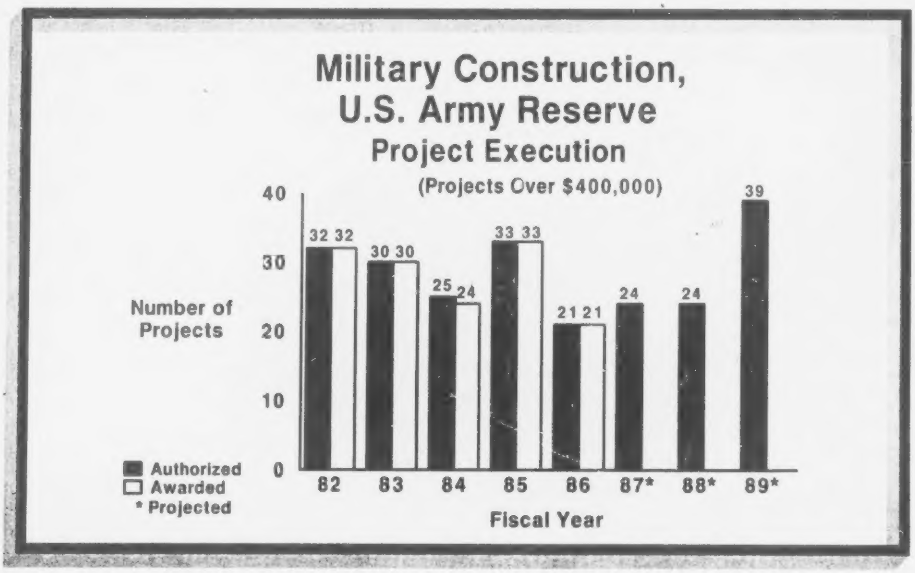
STAMIS support utilizes the Army's standard information systems. The requirements of the Reserve Components are being integrated into all STAMIS so that these systems will serve both the Active and Reserve Components effectively. This approach will ensure that upon mobilization, when Reserve Component forces deploy with the Active Component, they can utilize the same systems in wartime they trained on and operated in peacetime.

The RCAS unit administration module provides for the processing of unit level information including unit rosters and day-to-day administrative functions using micro-computers and off-the-shelf software. Unit administration micro-computers will serve as the vehicles to access the standard Army systems.

ARMY RESERVE FACILITIES

The Facilities Goal

The United States Army Reserve facilities goal is to improve force readiness by providing and maintaining adequate training and support facilities. Acquisition of land and the design and construction of Army Reserve centers, maintenance shops, equipment concentration sites, storage facilities, and special training facilities are funded through the Military Construction, Army Reserve (MCAR) Appropriation. The operation and maintenance of Army Reserve facilities and utilities, as well as other facilities support including leasing of facilities to support Army Reserve activities, are accomplished through the Real Property and Maintenance Activity (RPMA) Program.


Military Construction, U.S. Army Reserve Project Execution (Projects Over $400,000)

MCAR Backlog

The Army Reserve has a current estimated construction backlog of $1.6 billion that needs to be addressed in the coming years. Many existing Army Reserve facilities are old and energy-inefficient. In addition, these facilities were designed to support an Army Reserve force that was much lower in authorized strength and was more lightly equipped. As a result of the increases in Army Reserve strength and in equipment procurement programs, these facilities are no longer adequate.

A number of initiatives are underway to obtain increased funding for construction, rehabilitation, and expansion of facilities to support increases in strength and to provide storage space for newly acquired equipment. Increased operational efficiency, better training, improved morale, higher retention rates, and increased readiness are the expected results of this investment.

FY 1987 MCAR Program

A summary of the FY 1987 MCAR Program is presented below. In addition to the facilities reflected in the table, the program includes construction of the following facilities: a medical treatment wing, a weekend training site with ranges, a military intelligence training facility, a local training area, and an equipment storage building. A water system also will be improved and an armor training facility expanded. The program will purchase 45 acres of land on which new centers will be constructed, and it improves facilities that support 10,000 reservists.

FY 1987 Program Summary

	Number of Facilities		
Type Facility	New Construction	Rehabilitation or Alteration	Expansion
Army Reserve or Armed Forces Reserve Center	9	11	13
Organizational Maintenance Shop	4	10	11
Area Maintenance Support Activity	4	1	1
Equipment Concentration Sites	4	0	0

Major Facility Actions (FY 1987)

A summary of major facilities by location included in this program is presented below.

Location	Project
Fort Chaffee, Arkansas	600-member Army Reserve center
North Little Rock, Arkansas	1,500-member AFRC with OMS
Oakland, California	Expand/alter 1,200-member Army Reserve center with OMS
Santa Ana, California	Expand/alter AFRC with OMS
West Los Angeles, California	Expand/alter 800-member Army Reserve center
Perrine, Florida	800-member Army Reserve center with medical wing and OMS
Joliet, Illinois	Weekend training sites with ranges
South Bend, Indiana	Expand/alter 400-member Army Reserve center with OMS and AMSA
Kansas City, Kansas	Expand/alter 300-member Army Reserve center
Manhatten, Kansas	Expand/alter 100-member Army Reserve center with OMS
Parsons, Kansas	Expand/alter 100-member Army Reserve center with OMS
Saco, Maine	Expand/alter 100-member Army Reserve center with OMS
Saginaw, Michigan	AFRC - joint with Naval Reserve
Newburgh, New York	700-member Army Reserve center with OMS and AMSA
Fort Bragg, North Carolina	ECS and AMSA
Clinton, Pennsylvania	Local training area
Lewisburg, Pennsylvania	60-member Army Reserve center with OMS

Location	Project
Schuylkill Haven, Pennsylvania	Expand/alter 200-member Army Reserve center with OMS
Camp Bullis, Texas	Military Intelligence consolidated training facility
Fort Lee, Virginia	Expand/alter 400-member Army Reserve center
Bothell, Washington	600-member Army Reserve center
Fond du Lac, Wisconsin	150-member Army Reserve center and tank training facility
Apra Heights, Guam	Alterations of ECS, AMSA, and OMS
Fort Allen, Puerto Rico	600-member Army Reserve center with OMS, direct support and general support maintenance shop and ECS with storage facility

FY 1988 MCAR Program

A summary of the FY 1988 MCAR Program is presented below. In addition to the facilities reflected in the table, the program includes construction of the following: two regional maintenance training sites, two local training areas, two storage buildings, a gas dispensing facility, and an indoor tank range. In addition, a military equipment park and an indoor rifle range will be upgraded. The program includes the purchase of 47.2 acres of land on which new centers will be constructed. This program directly affects facilities for 7,620 Army Reservists.

FY 1988 Program Summary

	Number of Facilities		
Type Facility	New Construction	Rehabilitation or Alteration	Expansion
Army Reserve or Armed Forces Reserve Center	9	10	13
Organizational Maintenance Shop	10	7	9
Area Maintenance Support Activity	6	1	4
Equipment Concentration Sites	2	0	0

Major Facility Actions (FY 1988)

A summary of major facilities by location included in this program is presented below.

Location	Project
Livingston, Alabama	Expand/alter 200-member Army Reserve center with OMS
Opelika, Alabama	Expand/alter200-member Army Reserve center with OMS
Bell, California	Expand/alter 1,000-member Army Reserve center with OMS and AMSA
Sacramento, California	Regional maintenance training site
Rocky Mtn. Arsenal, Colorado	800-member Army Reserve center with OMS, and addition to AMSA

Location	Project
Pocatello, Idaho	AFRC, OMS, and AMSA - joint with Naval Reserve
Council Bluffs, Iowa	Expand/Alter 150-member Army Reserve center and OMS
Fort Dix, New Jersey	800-member Army Reserve center with OMS
Fort Dix, New Jersey	ECS and AMSA
Fort Totten, New York	Expand/alter 2,400-member Army Reserve center with OMS and AMSA
Rocky Point, New York	300-member Army Reserve center with OMS
Lumberton, North Carolina	100-member Army Reserve center
Kings Mill, Ohio	400-member Army Reserve center with OMS, AMSA and storage building
Bartlesville, Oklahoma	Expand/alter 100-member Army Reserve center with OMS
Geneva, Pennsylvania	Local training area
Tobyhanna, Pennsylvania	Regional maintenance training site
Bristol, Rhode Island	Expand/alter 60-member Army Reserve center
Greenwood, South Carolina	Expand/alter 150-member Army Reserve center with OMS
Knoxville, Tennessee	Land acquisition
Beaumont, Texas	400-member Army Reserve center with OMS and AMSA
Camp Bonneville, Washington	Local training area
New Martinsville, West Virginia	Expand/alter25-member Army Reserve center with OMS
Milwaukee, Wisconsin	800-member Army Reserve center, OMS, AMSA with DS-GS maintenance shop, and indoor tank range
Roosevelt Roads, Puerto Rico	500-member Army Reserve center with OMS

FY 1989 MCAR Program

A summary of the FY 1989 MCAR Program is presented below. In addition to the facilities reflected in the table, the program includes construction of the following: two regional medical training centers, a regional maintenance training site, two military equipment parks, three storage buildings, and a local training area. Two storage buildings and two indoor ranges will be upgraded. The program allows for the purchase of 106.6 acres of land on which new centers will be constructed. The program directly affects 7,800 Army Reserve soldiers.

FY 1989 Program Summary

	Number of Facilities		
Type Facility	New Construction	Rehabilitation or Alteration	Expansion
Army Reserve or Armed Forces Reserve Center	9	27	27
Organizational Maintenance Shop	9	24	24
Area Maintenance Support Activity	3	4	4
Equipment Concentration Sites	1	1	1

Major Facility Actions (FY 1989)

A summary of major facilities by location included in this program is presented below.

Location	Project
Gordo, Alabama	60-member Army Reserve center
Jasper, Alabama	Expand/alter 150-member Army Reserve center with OMS
Camp Parks, California	Regional medical training center
Garden Grove, California	Expand/alter 300-member Army Reserve center with OMS and storage building

Location	Project
Stockton, California	AFRC with OMS and Marine AMSA - joint with Naval Reserve
Savannah, Georgia	Expand/alter 300-member Army Reserve center with OMS
Kankakee, Illinois	AFRC with OMS - joint with National Guard
Peoria, Illinois	Expand/alter AFRC with OMS and AMSA - joint with National Guard
Kingsbury, Indiana	300-member Army Reserve center with OMS
Terre Haute, Indiana	Expand/alter 300-member Army Reserve center and OMS
Fort Riley, Kansas	Expand/alter ECS and AMSA and new warehouse
Attleboro, Massachusetts	Expand/alter 200-member Army Reserve center with OMS
Brockton, Massachusetts	Expand/alter 150-member Army Reserve center with OMS
Fort Devens, Massachusetts	Regional medical training center
Bay City, Michigan	Expand/alter 400-member Army Reserve center with OMS and AMSA
Kalamazoo, Michigan	Expand/alter 300-member Army Reserve center with OMS
Pontiac, Michigan	Expand/alter 200-member Army Reserve center with OMS
Brookhaven, Mississippi	100-member Army Reserve center with OMS
Greenwood, Mississippi	Expand/alter 300-member Army Reserve center with OMS and AMSA
Rocky Mount, North Carolina	Expand/alter 200-member Army Reserve center with OMS
Chillicothe, Ohio	Expand/alter 100-member Army Reserve center with OMS

Location	Project
Delaware, Ohio	Expand/alter 60-member Army Reserve center with OMS
Enid, Oklahoma	Expand/alter 100-member Army Reserve center
Midwest City, Oklahoma	Expand/alter 1300-member AFRC -joint with Naval Reserve
Ponca City, Oklahoma	Expand/alter 150-member Army Reserve center with OMS
Meadville, Pennsylvania	Expand/alter 100-member Army Reserve center with OMS
New Castle, Pennsylvania	Expand/alter 100-member Army Reserve center with OMS
Norristown, Pennsylvania	Expand/alter 300-member Army Reserve center with OMS
State College, Pennsylvania	Expand/alter 200-member Army Reserve center with OMS
Fort Hood, Texas	Regional maintenance training site
Harlingen, Texas	600-member AFRC with OMS and AMSA - joint with Naval Reserve
Houston, Texas	Purchase of Army Reserve center, OMS, and warehouse
Seagoville, Texas	Expand/alter 800-member Army Reserve center with OMS
Seagoville, Texas	Local training area
Covington, Virginia,	Expand/alter 100-member Army Reserve center
Fort Eustis, Virginia	ECS and AMSA with warehouse

Parkersburg, West Virginia	200-member Army Reserve center with OMS and AMSA
Fort Buchanan, Puerto Rico	OMS
Yauco, Puerto Rico	Expand/alter 200-member Army Reserve center with OMS

Legend:

AFRC - Armed Forces Reserve Center
AMSA - Area Maintenance Support Activity
ECS - Equipment Concentration Site
OMS - Organizational Maintenance Shop

Real Property Maintenance Activities

The FY 1988 and FY 1989 real property and maintenance activity portions of the Operation and Maintenance, Army Reserve Appropriations Program support the operation and maintenance of approximately 1,800 Army Reserve facility complexes. Leased facilities that support troop action program unit activations are also included in this activity. For several years, maintenance funding levels were not sufficient to meet all Army Reserve maintenance requirements. Funds included in the current program will reduce the backlog of maintenance and repair (BMAR) to below the containment level of $14 million specified by Congress by the end of 1988. The reduction in BMAR should result in savings in other areas.

CONCLUSION

These have been years of achievement and years of challenge for the Army Reserve. We are mindful of our stewardship obligations over the resources provided to improve the force as an essential element of the Total Army. In our efforts for improvement, the Army's themes of spirit, fitness, excellence, family and leadership have had equal relevance to the Reserve Components. The 1987 theme of "the Constitution" is especially relevant to our citizen-soldiers. Since the founding of our country, Reservists have been, in Churchill's words, "twice the citizens." In addition to their civilian pursuits, they reaffirm, by their Army Reserve membership and participation, a commitment to the values we are sworn to defend as well as the professional values that are important to our Total Army and Nation.

Steady improvements in the major functional area of personnel, training, equipment, and mobilization have made today's Army Reserve the finest in history. We are recruiting more high quality soldiers and retaining more trained and experienced soldiers than ever before. Much of this manpower success is the result of improvements in our use of the various incentive programs approved and supported by the Congress. Another significant factor in our improved personnel readiness posture has been improved training opportunities for Army Reserve soldiers.

Realistic, demanding training has been one of the most frequently cited factors in Army Reservists' decisions to stay with the program. The knowledge that they are making a real contribution to our national security today, even as they prepare to meet tomorrow's challenges, continues to be one of the greatest motivations to service in the Army Reserve. Meaningful training on modern, state-of-the-art, Total Army equipment and weapons systems is critical if the Army Reserve is to fulfill its mission of providing essential support to the Total Army upon mobilization.

New equipment continues to be issued to units of the Army Reserve in increasing quantities. This equipment allows the Army Reserve to train today on the equipment they will have to operate and to support on the battlefield tommorow. New equipment carries with it training and personnel requirements which must be met if Army Reserve units and soldiers are to serve with full effectiveness upon mobilization.

What has been accomplished has been due in large measure to the long-standing interest and support of the Congress. With that continued support and cooperation, the men and women of the Army Reserve will remain ready to meet the requirements of today and the challenges of tomorrow.

THE ARMY RESERVE BUDGET

FY 1988/89 Overview

The FY 1988/89 Army Reserve appropriations, Reserve Personnel, Army; Operation and Maintenance, Army Reserve; and Military Construction, Army Reserve,realize modest growth in their FY A-11988/89 budget submissions to the Congress. Breakout of current (FY 1987), actual (FY 1986), and requested (FY 1988/89) funding levels is shown below.

(Dollars in Millions)

	FY 1986	FY 1987	FY 1988	FY 1989
Reserve Personnel, Army (RPA)*	2,149	2,117	2,278	2,363
Operation and Maintenance, Army Reserve (OMAR)	741	780	879	958
Military Construction, Army Reserve (MCAR)	65	86	95	108
TOTAL	2,955	2,983	3,252	3,429
*Includes Retired Pay Accrual	(523)	(375)	(403)	(421)

The Reserve Personnel, Army request:

- Improves manning

	FY 88	FY 89
-- Increases Paid Drill Strength by:	5,056	2,889
-- Increases AGR support by:	1,843	1,750

- Includes revised retired pay accrual rates for FY 1988 (AGR - 51.2 percent; all others 26.1 percent) and FY 1989 (AGR-50.2 percent; all others 25.7 percent).

- Improves readiness through implementation of drilling IMA Program (Pay Group B) in both FY 1988 and 1989.

- Improves combat support/combat service support in the Army Reserve.

  - MI/CEWI
  - Aviation
  - Chemical
  - Signal

-- Maintenance

- Provides for 15 (FY 1988) and 12 (FY 1989) ALO increases among scheduled reorganizations.

- Supports training requirements validated by structure manning decisions review.

The FY 1988/89 Operation and Maintenance, Army Reserve budget request:

- Significantly reduces real growth of the FY 1988 program.

- In compliance with Congressional direction, funds the Reserve Component Automation System (RCAS) through internal trade-offs, thereby severely constraining the Army Reserve's ability to continue equipping all early deploying and high priority units with all required organizational clothing.

- Reduces funds to field and sustain new equipment.

- Reduces funding for the OMAR "tail" of the Army Reserve dedicated procurement buys.

- Reduces the backlog of real property maintenance and repair by $6.0 million in FY 1988 and by $14.9 million in FY 1989, which will bring BMAR below the Congressional containment level.

- Funds a three percent civilian pay raise that was effective 1 January 1987.

- Funds civilian technician end strength growth of 397 in FY 1988 and 387 in FY 1989.

- Provides for the completion of RCPAC/ARPERCEN transfer of funding and end strengths, of about $32 million and 1,111 civilian end strength.

- Funds increased AGR training, education, and the development of an AGR Management Directorate at ARPERCEN to better manage the expanding AGR force.

The FY 1988/89 Military Construction, Army Reserve budget request:

- Initiates construction of two regional maintenance training sites in FY 1988 plus one in FY 1989 and two regional medical training centers in FY 1989.

PREPARED STATEMENT OF VICE ADM. CECIL J. KEMPF, USN

Director of Naval Reserve

Mr. Chairman and Members of the Committee:

It is my pleasure to appear before you today to report our progress in modernizing and expanding the Naval Reserve and to present our program for Fiscal Years 1988 and 1989.

AN INTEGRATED FORCE

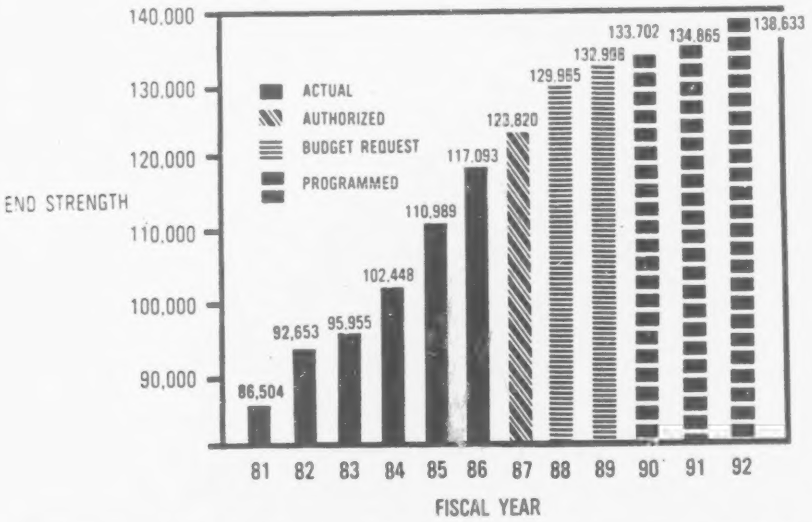
The Chief of Naval Operations, in his first posture statement, has reported the status of the United States Navy to Congress. He stated that "today's Navy is the strong, capable instrument of maritime power the United States requires, more ready than ever to do what is asked of us in peace, crisis or war." Admiral Trost also emphasized that today's Navy is an integrated Total Force which depends heavily on the Naval Reserve. As he indicated, the Navy has been implementing a logical and efficient program to strengthen its war fighting capability through a process of horizontal integration of equipment, i.e., compatible equipment in both the active and Reserve portions of the Navy's Total Force. Providing compatible equipment is only part of the program. The Naval Reserve is also integrated into fleet operations, tactical training and war planning. Naval Reserve ships are a part of the 600 ship Navy. By 1990 one of every 12 Navy ships will be in the Naval Reserve. Naval Reserve aircraft are an essential part of the Navy's airborne warfighting capability. The two Reserve carrier air wings will be completely modernized by 1991, and we will continue to upgrade the capability of Naval Reserve Maritime Patrol squadrons which constitute more than one third of the Navy's total force for this important mission. We are also modernizing and expanding our helicopter inventory. But equipment is only part of the readiness and capability equations.

We need adequate numbers of properly trained Naval Reservists as well, both drilling Selected Reservists and full-time support personnel.

Selected Reserve Strength

I am pleased to report continued increases in drilling Selected Reserve strength. These Selected Reservists, over 117,000 at the end of Fiscal Year 1986, are the core of the Naval Reserve program. They are the Navy's primary source of immediate mobilization manpower. We expect the number of these Selected Reservists to grow to almost 124,000 by the end of Fiscal Year 1987. In Fiscal Year 1988 our drilling Naval Reservists will increase to almost 130,000 and to about 133,000 by the end of Fiscal Year 1989.

NAVY SELECTED RESERVE*



*RESERVISTS IN PAID STATUS (CATEGORIES A&Q). DOES NOT INCLUDE TRAINING PIPELINE OR FULL-TIME SUPPORT (TAR & TEMAC) PERSONNEL

The requirement for Selected Reservists, and all other manpower for mobilization, is determined by the Navy's Manpower Mobilization System (NAMMOS), based on analyses of the fleet commanders-in-chief and other major commands' demands for manpower upon mobilization. Drilling Selected Reserve strength in the budget request represents almost 98 percent of NAMMOS require- ments by the end of Fiscal Year 1989. The shortfall in medical personnel is the major personnel deficiency. We continue to investigate new management and training techniques and are participating in a joint services effort, led by the Office of the Secretary of Defense, to access and retain more medical personnel.

In Fiscal Year 1986, the end strength for all Naval Selected Reservists, of which 18,391 were full-time active duty Reserve personnel, was 141,504. In Fiscal Year 1987, the authorized end strength for Naval Selected Reservists is 149,486, of which 21,476 are full-time active duty Reserve personnel. We are confident of our ability to achieve these goals.

Our request for Fiscal Year 1988 is for an end strength of 157,400 Selected Reserve personnel. This total includes 22,505 full-time active duty Reservists. Training and Administration of the Reserve (TAR) personnel and a small number of Selected Reserve officers recalled for headquarters duty in accordance with Title 10 U.S. Code, Section 265, account for 20,989 of this end-strength; the remaining 1,516 are Reserve recruiters on Temporary Active Duty (TEMAC).

For Fiscal Year 1989, we are requesting a total Selected Reserve end strength of 161,700, including 23,665 full-time support personnel of which 22,100 are TAR personnel and recalled Selected Reserve Officers; the remaining 1,565 personnel are TEMAC Reserve recruiters.

SUMMARY OF NAVY SELECTED RESERVE PERSONNEL

(END STRENGTH)

	FY 1986	FY 1987	FY 1988	FY 1989
DRILLING SELECTED RESERVISTS (CAT A & Q)	117,093	123,820	129,965	132,998
TRAINING PIPELINE (CAT F & U)*	6,020	4,190	4,930	5,037
FULL-TIME SUPPORT (FTS) PERSONNEL	18,391	21,476	22,505	23,665
TOTAL	141,504	149,486	157,400	161,700

* A LIMITED NUMBER OF PERSONNEL IN TRAINING CATEGORY D (e.g., 388 in FY-89) ARE ALSO INCLUDED IN THIS FIGURE.

The drilling Selected Reserve is programmed to increase by 6,145 during Fiscal Year 1988 and by 3,033 during Fiscal Year 1989. These personnel are necessary for the Naval Reserve to fulfill its expanding roles, particularly to man new ships and aircraft, and to provide additional personnel in mine countermeasures and medical support.

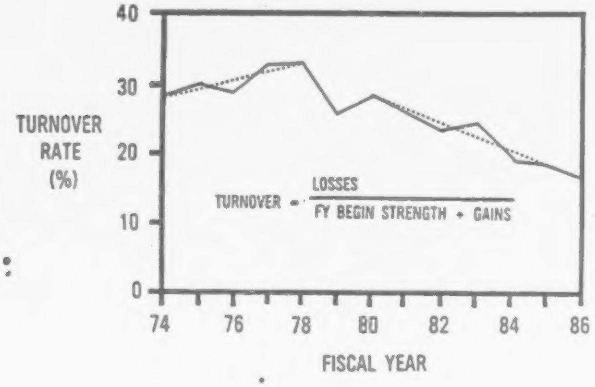
Growth of full-time support Reservists (1,029 in Fiscal Year 1988 and 1,160 in Fiscal Year 1989) is necessary to meet manning requirements in Naval Reserve ships, Shore Intermediate Maintenance Activities (SIMAs), Reserve force Aircraft Squadrons (RESFORONs) and other force level increases. Additionally, full-time support increases are required to support continued TAR rating expansion with associated billet conversions from USN to TAR.

Navy TARs are unique in the Armed Forces. They are Reservists on full-time active duty whose job is to administer and train our drilling Reservists. They are career military personnel who are in most cases indistinguishable from their regular component colleagues. TARs experience the usual Navy permanent change of station (PCS) moves, are on call seven days a week, and perform the same tasks as their regular Navy counterparts. At any given time, approximately one out of five TAR officers is serving with an active component activity, most as integral parts of the crews of active component ships or aircraft squadrons. Naval Reserve ships -- with TARs comprising the majority of their active duty manning -- are at sea about three quarters as often as active force ships operating from CONUS bases. TARs in our aircraft squadrons receive the same training and meet the same standards as active force personnel. They operate from coast to coast, deploy briefly aboard carriers, and -- in the case of patrol and transport squadrons -- deploy for short periods overseas to fly operational missions for the Navy.

With our expanding Selected Reserve, and state-of-the-art ships and aircraft, we must attract and keep qualified TAR personnel. The Sixth Quadriennial Review of Military Compensation (QRMC) is considering incentives to address this problem.

We continue to see improvement in the enlisted Selected Reserve turnover rate. During the past year we lowered our previously best turnover rate from 18.7 percent to 16.5 percent, a 12 percent improvement in a single year and a 38 percent improvement over the past five years. Turnover rate is the best measure of personnel stability. It is calculated as losses divided by the sum of beginning inventory plus gains during a fiscal year. A low turnover rate indicates stability in the force. Consequently, fewer new accessions and less initial active duty training periods are required to meet target strength increases. On the following chart, the dotted lines indicate the unfavorable turnover rates of the late 1970's, as well as the very positive trends achieved in the 1980's.

ENLISTED SELRES
HISTORICAL TURNOVER RATES



Retention of our Selected Reservists is essential, particularly in our high-priority units. For example, a Naval Reserve ship is usually underway each drill weekend, including Friday nights, and most of the annual two-week training period. Except for a fifth paid weekend drill, Selected Reserve crew members receive no additional incentive for serving in an around-the-clock, at-sea environment. Other Reservists, drilling at their local Reserve Centers, receive the same pay and drill credit, but enjoy free time after normal working hours to be with their families and friends. It is unreasonable to rely on pride and professionalism to man such units as Naval Reserve ships. The Sixth Quadriennial Review of Military Compensation (QRMC) is considering this problem.

Naval Surface Reserve

By the early nineties 46 of the 52 Naval Reserve ships will be part of the 600 ship Navy. This fiscal year, we will add three PERRY class FFG-7s and one KNOX class FF-1052 to the Naval Reserve, bringing our frigate total to 19. Four more FFG-7s and one FF-1052 in Fiscal Year 1988 will bring us to a total of 24. We will have 26 modern frigates in the Naval Reserve by 1990.

SHIPS	FY-86	FY-87	FY-88	FY-89	FY-90	FY-91	FY-92	FY-93
FFG-7	9	12	16	16	18	18	18	18
FF-1052	6	7	8	8	8	8	8	8
DD-946	1	1	1	1	1	1	1	1
LST	2	2	2	2	3	3	3	3
LSD-38	0	0	0	0	0	1	1	1
LPD-2	0	0	0	0	0	0	1	1
MSO	18	18	17	13	11	8	3	0
MCM	0	0	1	5	7	10	13	14
MHC	0	0	0	0	0	0	2	3
ARS	3	3	3	3	3	3	3	3
TOTAL	39	43	48	48	51	52	53	52

This year, we will establish five additional Craft of Opportunity Program (COOP) units, for a total of fourteen, with five more programmed in Fiscal Year 1988 and the final three programmed for Fiscal Year 1989, bringing the total to 22 by the end of that year. We will commission two more Mobile Inshore Undersea Warfare (MIUW) units this year and will add three more in both Fiscal Years 1988 and 1989, for a total of 26 units by the end of Fiscal Year 1989.

Today, the Naval Reserve contains 82 percent of the Navy's Minesweeper (MSO) capability. Beginning in Fiscal Year 1988, the first "Avenger" class Mine Countermeasures (MCM) ship will join the Naval Reserve with four more MCM ships programmed for Fiscal Year 1989. Construction of the new Italian designed Coastal Minehunter (MHC) ships, which will be built in the U.S., is expected to begin in Fiscal Year 1989; and the first two of these ships are programmed to be assigned to the Naval Reserve in Fiscal Year 1992. Ships of these new-construction classes will be assigned to the Naval Reserve after each ship operates as a part of the active force for approximately one year.

Naval Air Reserve

Modernization through horizontal intergration continues in the Naval Air Reserve. Our first Reserve F/A-18 squadron at NAS Lemore, California received its initial increment of aircraft in

October of 1985, and a second squadron at Point Mugu, California will transition this year. All of our remaining light attack squadrons have transitioned to the A-7E aircraft. The A-7E squadron in Alameda, California will transition to medium attack A-6Es in Fiscal Year 1988.

Two of our four fighter squadrons have completed transition to F-14s, and the remaining two will complete their conversion by the end of this year. The accelerated transition of the last two Reserve F-14 squadrons was made possible by a Congressional addition of $68 million to the Fiscal Year 1985 Budget for the remanufacture and upgrade of 25 pre-production and early production F-14 aircraft to present fleet configuration. Congressional addition of five A-6E aircraft in the Fiscal Year 1986 Budget opened the door for establishment of medium attack capability in the Naval Air Reserve. In addition to the A-7E to A-6E squadron transition at NAS Alameda, California, a second squadron will convert to A-6Es at NAS Atlanta, Georgia in 1990. These squadrons will also receive KA-6D tanker aircraft, permitting the disestablishment of our two existing tanker squadrons of KA-3B aircraft, which face service life expiration. Both of our Airborne Early Warning (AEW) squadrons are now flying the E-2C. Transitioning the two Electronics Warfare squadrons from EA-6As to EA-6Bs in Fiscal Years 1989 and 1991 will complete the full modernization of our two Reserve Carrier Air Wings.

The Naval Reserve now operates 27 C-9B/DC-9 aircraft. But the Center for Naval Analyses' recent DON Organic Airlift Study, 1986 shows a 60% shortfall in the Navy inventory for heavy to medium lift aircraft needed to support the Navy intra-theatre airlift requirements during wartime. We intend to address acquisition of the additional aircraft to perform this mission during the formulation of future budgets.

Our Maritime Patrol Air capability has been enhanced markedly through the completion of the TACNAVMOD program for our Naval Reserve P-3A/B aircraft. Five of our P-3 squadrons are AQA-7 Triple Vernier (3V) equipped, and transition of the remaining eight will be completed in Fiscal Year 1989. We established our second Master Augment Unit (MAU) at NAS Moffett Field, California, to train crews in fleet model P-3Cs for augmentation of active force squadrons upon mobilization. Additionally, in 1988 we will begin the transition of the first P-3C Reserve squadron (VP-62 at NAS Jacksonville, Florida) with the six P-3C Update III aircraft authorized and funded in the Fiscal Year 1986 Budget. Four additional P-3C aircraft procured with Fiscal Year 1987 funds will be assigned to VP-62 in Fiscal Year 1989. A second Reserve P-3C Update III squadron is planned for Fiscal Year 1993.

We are continuing to make great strides in our rotary wing aircraft community. To meet fleet requirements, we will consolidate our two Naval Reserve Light Attack Helicopter (HAL) squadrons and the Navy's only Combat Search and Rescue (CSAR) squadron to form two Helicopter Combat Support Special (HCS) squadrons, one on each coast. The first of these new squadrons will stand up in Fiscal Year 1989 and the second in Fiscal Year 1990. These squadrons will provide helicopters for Navy Special Warfare Units as well as CSAR capability for the fleet. A contract was signed this past September to provide the Navy with a new, all-modernized aircraft (HH-60H) to support the HCS mission. Delivery of the first aircraft is anticipated in Fiscal Year 1989.

In Fiscal Year 1987, the Naval Reserve assumed a new mission with the stand-up of the first of two Reserve Airborne Mine Countermeasures (AMCM) helicopter squadrons, flying the RH-53D. The second squadron will be formed in 1989. These squadrons will be sited on opposite coasts to enhance their responsiveness to fleet requirements. To increase their effectiveness further, we are looking at a Mobile Support Van concept for these squadrons which would increase their mobility, supportability, and sustainability.

READINESS IMPROVEMENTS

Naval Reserve readiness has continued to show an overall improvement during the past year, but we still have insufficient equipment for many of our construction battalions. Improvements in recruiting, training and retention have helped to increase the manning of our non-hardware reinforcing and sustaining units that will augment active forces upon mobilization.

As a result of force modernization efforts with state-of-the-art aircraft and weapons systems, the capability of aviation units is improving. Squadrons outfitted with fleet-compatible aircraft are mobilization-ready assets available to fleet commanders. I am confident that existing and proposed aviation modernization programs will enable us to sustain our progress in improving aircraft squadron and wing readiness and capability.

The readiness status of ships assigned to the Naval Reserve continues to increase because of improved manning and enhanced training aboard our ships. This positive trend is particularly noteworthy since it has occurred while our frigate fleet has expanded by at least four ships per year.

Our more than 2700 reinforcing and sustaining units are reporting manning levels three percent better than a year ago because of better recruiting and increased emphasis on retention. Overall readiness of these units improved during Fiscal Year 1986. This is a significant accomplishment, as it occurred during a year of continued growth of these units and the implementation of a large fleet hospital program.

While the acquisition of modern hardware is a major factor in readiness of both the Naval Air and Surface Reserve Forces, the effectiveness of training is also a significant factor. Training Reservists in landlocked areas of the country presents a particular challenge.

A major new Naval Reserve initiative will address this and enhance the overall readiness of the Surface Reserve. It is called "SPUR", the Surface Program to Upgrade Readiness.

SPUR is an umbrella term for a package of programs addressing many Surface Reserve manpower and training issues. It incorporates the best of previous ideas and successes to train Reservists in their mobilization assignments. There are five dimensions, or "points," to the SPUR: Mobilization, Organization, Resources, Experience and Training.

The "Mobilization" point of SPUR stems from recent fleet exercises which showed that ships which are already deployed or ready for deployment (approximately half our ships) had been brought to full manning with active personnel from the shore establishment before mobilization was declared. This led to the logical conclusion that we should only be training Naval Reservists to augment half of the ships previously planned for, and the balance should be trained to replace the active force personnel pulled from the shore establishment to man the deployed or ready-to-deploy ships.

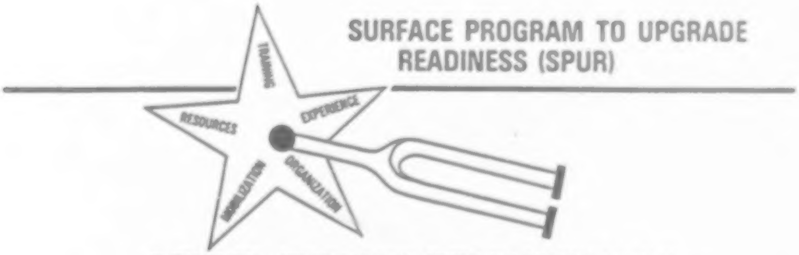
The "Organization" point recognizes that today's Naval Reserve can no longer be a manpower pool of available people who are trainable. Instead, it must be a fully trained and ready force, capable of doing its job immediately upon mobilization. To accomplish this, SPUR reallocates management billets from headquarters staff positions to field training.

The "Resources" point encompasses the best possible use of available resources, such as funding, facilities, equipment and manpower. For example, two thirds of the TAR, civilian and

SELRES personnel now assigned to management and administrative billets in our current 16 Readiness Commands will be reassigned to field training billets in Readiness Centers and Reserve Centers.

The "Experience" point refers to the Navy's conversion of 9,000 billets slated for reassignment ashore (currently non-rated) to rated Selected Reserve Billets. This move will enable the Surface Reserve to access more fleet experienced petty officers, bring ship reinforcement units to approximately the same ratio of rated and non-rated personnel as the active component of the ships the units reinforce, and reduce the number of non-prior service Sea and Air Mariner (SAM) accessions from 10,000 to approximately 7,000 per year.

"Training", the final point, is SPUR's bottom line. Study after study has shown that when a Reservist chooses to leave the Naval Reserve, inadequate training is the major factor. SPUR's five points will correct that situation by providing MORE TRAINING.



SURFACE PROGRAM TO UPGRADE READINESS (SPUR)

MOBILIZATION - STRUCTURING NAVAL RESERVE SHIP REINFORCING UNITS TO ACCOMMODATE "REAL WORLD" MOBILIZATION SCENARIO

ORGANIZATION - IMPROVING SPAN OF CONTROL AND MAKING BETTER USE OF PERSONNEL TO PROVIDE TRAINING IN THE FIELD

RESOURCES - OPTIMUM USE OF FUNDING, FACILITIES AND EQUIPMENT

EXPERIENCE - CHANGING NAVAL RESERVE RATE MIX TO MAKE OPTIMUM USE OF FLEET EXPERIENCED PERSONNEL

TRAINING -IMPLEMENTING NEW TRAINING METHODS FOR NON-HARDWARE UNITS (APPROX 95,000 SELRES)

TRAINING

The primary mission of the Naval Reserve is training to maintain mobilization readiness. Appropriately, the fundamental objective of SPUR is the revitalization of Surface Reserve training. The network of "Readiness Centers" will make fleet-oriented training more available. These "beefed up Reserve Centers" will coordinate off-site training requirements and provide much of the hands-on training in specific disciplines for Reservists whose principal drill site is at smaller, "satellite" Reserve Centers in the surrounding area.

Reserve Billet Training Plans (RBTPs) are being revised and updated to meet program sponsor and gaining command requirements for virtually every billet in the Reserve Force. Individual RBTPs will be the foundation of unit training plans and the standard by which the effectiveness of unit training will be measured. Each RBTP will be approved by the Navy Program Sponsor's agent, normally a Fleet Type-Commander or the gaining command.

In addition, the development of Navy Training Plans (NTPs) for each of the programs in the Naval Reserve will identify all resources, such as personnel, training aids, curricula, facilities and schools, necessary to train and qualify our people.

SPUR encompasses a number of innovative training methods. For example, formal training for Surface Reservists at Fleet Training Centers on weekends will be in place in Fiscal Year 1987 with the assignment of TAR instructors in Fleet Training Centers to support more than 40,000 weekend student quotas for Reservists each year.

Another innovation, the Automated Billet Qualification Tracking System (ABQTS), will track an individual's progress in qualifying for a Reserve billet. A pilot program for the system is in place at Shore Intermediate Maintenance Activities (SIMAs). We expect full implementation, nationwide, in Fiscal Year 1988.

We have developed a formal exportable training program which will transport an instructor from the active training site, gaining command or large Reserve activity to remote sites to complement local instructor capability. Pilot programs began in 1985 for shipboard units, SIMAs and cargo handling battalions.

To augment local instructor capability further, a formal contract instructor program will provide training not available or economical within our own system. We will take advantage of Vocational (VOTECH), trade school, junior college and contractor specialized training, such as the Shop Qualification Improvement Program (SQIP) and Hospitalman VOTECH program.

Navy Enlisted Classification (NEC) attainment methods for Naval Reservists are also expanding. Methods now include modularization of short NEC advanced schools, development of appropriate VOTECH programs, and identification of civilian equivalent experience and training.

We are improving Naval Reserve instruction with on-board training packages, by interactive video which provides computer-capable instruction that will support curricula with small student populations and by conversion of existing Navy curricula to weekend formats.

Finally, in keeping with SPUR's philosophy of integrating proven training techniques with new ones, 35 Reserve Centers will continue to bring the ship to the sailor with the shipboard simulator (SBS). There are also 47 centers equipped with Damage Control Trainers (DCTs) which provide hands-on battle damage repair training. Plans call for a total of 70 DCTs.

The Naval Air Reserve, in addition to providing combat ready squadrons for mobilization, must also provide trained aircrews and maintenance personnel to fleet squadrons upon mobilization to fill wartime allowances for those squadrons. For aircrew personnel alone, this commitment requires training for more than 800 pilots and aircrewmen in most of the Navy's aircraft communities.

Until 1984, we attempted to train these personnel in our Reserve squadrons; but we could neither accommodate sufficient personnel nor train them in fleet-compatible equipment. In 1984, we established Squadron Augment Units (SAUs) in Fleet Replacement Squadrons (FRSs) to train these personnel in the aircraft they would operate and support if mobilized. In addition, two Master Augment Units (MAUs) have been established to train P-3C augment crews, using aircraft on loan from the active force. In 1985, we expanded this concept further by scheduling our SAU and MAU aircrews to fly with their gaining commands, the specific fleet squadrons they would augment at mobilization. We are most pleased with the progress of this program. We now have SAUs flying the F-14A, A-7E, A-6E, E-2C, S-3A and SH-3H. In Fiscal Year 1987 we plan to commence SAU training in our F/A-18 aircraft at NAS Lemoore, California.

We also have specific training plans for Naval Air Reserve personnel who are not directly associated with hardware units. Air Reserve units nationwide are tied into Reserve Training Tracks (R-Tracks), an automated system which defines minimum mobilization training requirements for individual billets. Nearly 1,700 R-Tracks have been developed which define specific training requirements for more than 31,000 TAR and Selected Reserve billets.

In addition, the Aviation Training Improvement Program (A-TIP), an automated bank of more than 40,000 questions covering almost all Naval Air Reserve weapon systems, is currently under development. This program targets training deficiencies within a squadron or unit, thereby eliminating redundant training.

Formal training is accomplished through Aviation Training Series (ATS), Reserve Courses (R-Courses), Z-Courses and Compressed Courses. ATSs provide standardized lesson guides for rate and billet training; 256 such courses are now available. R-Courses lead to the attainment of NECs; almost 100 R-Courses will be available by the end of Fiscal Year 1987. Z-Courses are segmented courses which also lead to an NEC; 14 such courses are on line now. Completion of Z-Courses requires two Active Duty for Training (ACDUTRA) periods of two weeks each, with weekend study required in between. Compressed Courses, originally up to three weeks in length, are taught at active Naval Maintenance Training Groups (NAMTRAGRU). These courses are compressed into 12 to 14 ten-hour days.

Thus, as a result of practical, fleet-oriented training in both the Surface and Air Reserve, the overall readiness of the Naval Reserve continues to improve. The exceptional performance of Naval Reservists in front line contingency operations, such as last year's Gulf of Sidra operation, as well as Reservists' day-in and day-out support of active force operations, clearly demonstrates the effectiveness of Naval Reserve training.

NAVAL RESERVE FUNDING REQUEST

The Naval Reserve is provided essential support by two appropriations: Reserve Personnel, Navy (RPN) and Operation and Maintenance, Navy Reserve (O&MNR).

The President's Budget also identifies $14.5 million in Fiscal Year 1988 and $163 million in Fiscal Year 1989 in the Aircraft Procurement, Navy (APN); Weapons Procurement, Navy (WPN); and the Other Procurement, Navy (OPN) appropriations.

Further, the Fiscal Years 1988 and 1989 Military Construction, Naval Reserve (MCNR) appropriation request of $73.7 and $56.9 million, respectively, will provide much needed design and facilities construction for the Naval and Marine Corps Reserve.

The total funding support requested for the Naval Reserve exceeds $2.9 billion for Fiscal Year 1988 and is almost $3 billion for Fiscal Year 1989.

I would like to discuss the RPN and O&MNR appropriations in some detail.

Reserve Personnel, Navy (RPN)

The RPN appropriation is divided into two budget activities. Budget Activity One provides funding for Unit and Individual Training. Budget Activity Two funds Other Training and Support, including active duty TAR personnel, the Naval Reserve Officer Training Corps, Armed Forces Health Professions Scholarship Program, and the Navy Junior Reserve Officer Training Corps.

The total Fiscal Year 1988 RPN request is for $1,516.1 million, which consists of $663.2 million for Budget Activity One and $852.9 million for Budget Activity Two. This is a total increase of $119.1 million over Fiscal Year 1987.

Our Fiscal Year 1989 request is for $1,571.2 million, which includes $693.3 million for Budget Activity One and $877.9 million for Budget Activity Two. This represents a total increase of $55.1 million over Fiscal Year 1988. Approximately $107.4 million in Fiscal Year 1988 and $64.5 million in Fiscal Year 1989 is a result of the requested strength growth. The remaining increase is the result of pay raise annualization, Social Security rate escalation, program growth, Individual Ready Reserve (IRR) Test, and other training support costs.

The Fiscal Years 1988 and 1989 Budget Request continues funding for a one day recall of all members of the IRR. This screening process will enable the services to evaluate the availability and readiness of this major source of trained personnel. The Reserve incentive program includes very selective implementation of prior and non-prior service enlistment, reenlistment, Reserve affiliation and IRR bonuses.

In addition, medical recruiting incentive payments have been expanded to enhance Reserve recruiting programs for physicians and nurses with critical wartime medical skills. This improvement in medical incentives includes stipend and education loan repayment programs which were first authorized in Fiscal Year 1986.

The requested increases in RPN funding are necessary for the Naval Reserve to comply with Congressional guidance to increase Reserve manning for Naval Reserve ships and to continue our growth in Selected Reserve strength to meet mobilization requirements.

Operation and Maintenance, Navy Reserve (O&MNR)

The Naval Reserve is dependent upon funds in the O&MNR appropriation for support of Mission Forces, Depot Maintenance, and Other Support. Support for Mission Forces includes funds for fuel, intermediate maintenance, repair parts and related support for the operation of aircraft in both the Naval and Marine Corps Reserve. It also includes operating, maintenance and support funds for Naval Reserve ships, as well as funds for Reserve Construction Battalions, Cargo Handling Battalions, Mobile Inshore Undersea Warfare units, Special Combat Support Forces, and other Surface programs. Depot Maintenance includes funds for the rework of aircraft and engines, the installation of aircraft modifications and Contractor Engineering Technical Services support. The Other Support category provides funding to operate and maintain Air Stations, Reserve Centers, and Reserve Facilities supporting Naval Reserve forces and for various command and administrative activities, including recruiting and advertising.

The funding requested for the O&MNR appropriation for Fiscal Year 1988 is $957.1 million, which is a $65.3 million net increase over the Fiscal Year 1987 funding level. Mission Forces (Budget Activity 1) increases $9.8 million, Depot Maintenance (Budget Activity 2) increases $31.1 million and Other Support (Budget Activity 3) increases $24.5 million.

The funding requested for the O&MNR appropriation for Fiscal Year 1989 is $1,036.8 million, which is a $79.7 million net increase over the Fiscal Year 1988 funding level of $957.1. Mission Forces (Budget Activity 1) increases $68.8 million, Depot Maintenance (Budget Activity 2) increases $4.6 million and Other Support (Budget Activity 3) increases $6.4 million.

The increased O&MNR funding levels in FY 1988 and FY 1989 will provide adequate support for the following areas of growth: (1) increased aircraft operating and maintenance costs in support of a more modern mix of aircraft, including the F/A-18, P-3C in Fiscal Year 1988 and HH-60H in Fiscal Year 1989; commissioning of the second Airborne Mine Countermeasures (AMCM) squadron in the RH-53D helicopter in Fiscal Year 1989; beginning transition of the Marine F-4S units to the F/A-18 aircraft; expansion of the Marine Corps Reserve KFIR (F-21) adversary aircraft squadron; and funding of the flying hour program at 87 percent of the Primary Mission Readiness (PMR) level, which places the Tactical Naval Air Reserve Forces on the same funding base as the active force; (2) increased operations, maintenance, modernization and outfitting costs resulting from four additional FFG-7 class ships and one FF-1052 class ship joining the Naval Reserve in Fiscal Year 1988; (3) expansion of the mine countermeasures Craft of Opportunity (COOP) Program; and (4) increased training, equipment, and base operating support requirements associated with growing Selected Reserve strength levels as the Naval Reserve builds toward the Navy Manpower Mobilization System (NAMMOS) goals.

Programmatic decreases primarily reflect: (1) reduction in the flight hour program for transitioning aircraft (A-7B, F-4S, E-2B); (2) fewer airframe and engine reworks and modification installations; (3) a decrease in acquisition of spare parts for Mobile Inshore Undersea Warfare (MIUW) vans in Fiscal year 1989; (4) two fewer regular ship overhauls in Fiscal Year 1988 as compared to Fiscal Year 1987; and (6) several adjustments in Other Support related to one-time Fiscal Year 1987 costs and other projected savings.

As mentioned earlier, the O&MNR appropriation also supports Naval Reserve recruiting and advertising activities, including support for the enlisted Sea and Air Mariner (SAM) and the Officer Sea and Air Mariner (OSAM) programs. Meeting our recruiting goals is essential to the continued success of the Naval Reserve in fulfilling our mission in support of the National Maritime Strategy. The Fiscal Year 1988 and 1989 funding levels support specifically targeted advertising efforts to help meet the strength and quality goals of our expanding Naval Reserve and have been adjusted to meet The Department's advertising mix study savings by Fiscal Year 1990.

SUMMARY

Our ambitious program to expand and modernize the Naval Reserve is on track.

We are increasing the number of Selected Reservists in order to meet wartime requirements as rapidly as feasible.

We are expanding our cadre of TAR personnel to man and support increasing numbers of modern ships and aircraft and to support and train a growing Selected Reserve.

We are implementing new training programs to keep pace with the demands of a more sophisticated Naval Reserve.

We are proud to say that the Naval Reserve is evolving rapidly from a force in reserve to a force in being, fully integrated into the Navy's Total Force.

I will be happy to respond to any questions or provide any additional information you may require.

PREPARED STATEMENT OF MAJ. GEN. JOHN B. CONAWAY

Director, Air National Guard, USAF

AIR NATIONAL GUARD

INTRODUCTION

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE, it is my pleasure to once again report to you on the current status of the Air National Guard (ANG).

The Air National Guard has reached its highest level of readiness in history and has also attained a new high in manning with over 113,000 men and women. The ANG is unique among the world's reserve military forces, combining both State and Federal functions. It provides the nation with an effective, economical military force for national defense and concurrently gives the States a trained, equipped and disciplined force to protect life and property while preserving the peace and public safety during natural disasters, civil disorders and other emergencies at the State level.

The State mission of the Air National Guard is to provide organized, trained and equipped units and personnel to respond to requests from State authorities during periods of emergency. During 1986, personnel of the Air National Guard were called up 63 times to provide assistance to civil authorities in various emergency and support operations. These missions involved 1,206 personnel and used a total of 3,813 workdays. Forty-six of these missions were in support of the National Search and Rescue Service using 519 Special Training workdays provided by the Aerospace Rescue and Recovery Service (ARRS) and resulted in 59 lives being saved. The remaining 17 missions were in direct support of civil authorities and involved 800 personnel using a total of 3,294 State Active Duty workdays. These missions consisted of disaster relief; evacuation and security operations following tornadoes, floods, hurricanes, forest fires and snowstorms; medical evacuation; emergency shelter; and emergency communications and power support. In addition to these missions, ANG tactical control radar and flying units participated in drug/law enforcement operations incidental to scheduled training.

The Air National Guard's Federal mission, as part of the total Air Force, is to provide units of properly equipped and trained personnel for prompt mobilization whenever called upon in a time of crisis. While this is certainly our primary Federal mission, the 1980's have seen tremendous growth in the direct mission support we provide to the Air Force on a year round basis. Gone are the days of training only one weekend a month and two weeks in the summer. We are now involved daily throughout the world performing real missions such as aerial refueling, air defense, tactical airlift and support of drug interdiction efforts. As an equal partner in the Total Force policy, we are actively involved in the defense mission. We have shown that we can perform our assigned missions and seek involvement in additional missions where we can realistically provide a direct contribution to the defense of our country.

The Air Guard is manned and ready to carry out its dual mission. Unit readiness remains high despite increased taskings and conversions to new and more complex weapon systems. The ANG has the fifth largest Air Force in the world. We have nearly 1,800 aircraft and perform a variety of demanding missions ranging from air defense and tactical fighters to strategic air refueling and strategic and theater airlift. ANG strength exceeded 112,500 at the end of FY 1986 and is projected to approximate 117,700 at the end of FY 1989.

FLYING UNITS

Our aircraft are organized into units to perform the Air Force missions indicated below:

Mission	Type Aircraft
Tactical Fighter	A-7, A-10, F-4, F-15, F-16
Theater Airlift	C-130A/B/E/H
Aerial Refueling	KC-135E
Air Defense	F-4, F-15, F-16
Tactical Reconnaissance	RF-4C
Tactical Air Support	OA-37
Aircrew Training	A-7, F-4, RF-4, F-16, C-130
Rescue and Recovery	HC-130/HH-3
Strategic Airlift	C-141, C-5
Special Operations (Tactical Electronic Combat)	EC-130E

While the flying unit structure remains stable at 24 wings and 67 groups, there is a significant increase in quality and effectiveness as we continue our modernization program and convert to new and more capable aircraft. The following ANG aircraft conversions have been publicly announced beginning in the fiscal year indicated:

Unit	From	To	FY
Little Rock, AR	8 KC-135E	8 C-130E	87
Jacksonville, FL	18 F-106	18 F-16	87
Great Falls, MT	18 F-106	18 F-16	87
Hickam AFB, HI	24 F-4C	24 F-15	87
McConnell AFB, KS	50 F-4D	42 F-4D/18 F-16	87
Eielson AFB, AK	-	4 KC-135E	87
Atlantic City, NJ	15 F-106	18 F-16	88
Dannelly Fld, AL	18 F-4D	18 F-16	88
Ft Smith, AR	18 F-4C	18 F-16	88
Otis ANGB, MA	15 F-106	18 F-15	88
Kingsley Fld, OR	18 F-4C	18 F-16	89
Portland, OR	18 F-4C	18 F-16	89

In addition to conversions, we continue modernization of some units through receipt of later models of currently owned aircraft. These enhancements are called series changes. The following series changes have been announced:

Unit	From	To	FY
Niagara Falls, NY	18 F-4C	18 F-4D	87
Ellington AGB, TX	18 F-4C	18 F-4D	87
March AFB, CA	24 F-4C	24 F-4E	87
Dallas, TX	8 C-130B	8 C-130H	87
St Joseph, MO	8 C-130A	8 C-130H	87
Terre Haute, IN	18 F-4C	18 F-4E	88

Still another category of change within our flying units increases or decreases the aircraft inventory of the unit. The currently announced changes in this category include:

Unit	From	To	FY
Charlotte, NC	8 C-130B	12 C-130B	87
Martinsburg, WV	8 C-130B	12 C-130B	87
Stewart, NY	3 C-5A	5 C-5A	87
Stewart, NY	5 C-5A	8 C-5A	88
Chicago, IL	8 KC-135	10 KC-135	88
Forbes Fld, KS	8 KC-135	10 KC-135	88
Bangor, ME	8 KC-135	10 KC-135	88
Pease AFB, NH	8 KC-135	10 KC-135	88
Milwaukee, WI	8 KC-135	10 KC-135	88
Birmingham, AL	22 RF-4C	18 RF-4C	88
Louisville, KY	22 RF-4C	18 RF-4C	88
Lincoln, NE	22 RF-4C	18 RF-4C	88
Moffett Fld, CA	5 HH-3E/1 CH-3E	5 HH-3E	88
Suffolk Co Aprt, NY	5 HH-3E	3 HH-3E	88
Stewart, NY	8 C-5A	11 C-5A	89
Moffett Fld, CA	5 HH-3E	3 HH-3E	89

While not falling into any of the above categories, the 158th Tactical Fighter Group, Burlington, VT will convert to an Air Defense Alert mission in FY 1988.

Thanks to the support of Congress and the Air Force, we will continue our program of modernizing our state operational support aircraft in FY 1988. Six additional states are scheduled to replace their old C-131 aircraft with new production aircraft similar in size to the C-12 aircraft previously funded by the Congress. The new aircraft will be competitively procured as directed by Congress. Units scheduled for C-131 replacement in FY 1988 are Boise ID; Ellington TX; Fresno CA; Peoria IL; Meridian MS and Willow Grove PA.

As a result of our modernization efforts, Air National Guard units continue to make substantial contributions to the total Air Force combat capability and will fulfill a large portion of the force commitment during any future crisis. At the end of FY 1988, the Air National Guard will possess 86 percent of the total Air Defense Interceptor forces, 50 percent of the Tactical Reconnaissance forces, 35 percent of the Theater Airlift forces, 25 percent of the Tactical Fighter forces, 17 percent of the Aerial Refueling forces, 16 percent of the Rescue and Recovery forces, 9 percent of the Special Operations forces, 28 percent of Tactical Airborne Command and Control forces, and 5 percent of the Strategic Airlift Forces.

MISSION SUPPORT UNITS

Equally important to the success of the ANG are our Mission Support Units. We have 244 independent units heavily concentrated in the areas of communications, weather, tactical control, aircraft control and warning, and civil engineering. An additional 298 support units are collocated with our flying units and are primarily medical, civil engineering, security, communications and aerial ports.

Eighty-six base communications flights provide fixed communications and data processing support to our flying units. These units operate and maintain base telephone systems, base information processing centers, ground-to-air radios, land mobile radios, high frequency radios and base cable plants. Forty-three of these flights also have separate, deployable elements which provide record and voice communications at collocated operating bases in Europe.

Our 54 Combat Communications type units are equipped and staffed to support the Defense Communications System, Tactical Air Forces, Readiness Command, Central Command and the Joint Task Forces. They provide specific communications service to forward deployed commanders, and provide added and restoral service to the Defense Communications System. These units also provide terminal air traffic control facilities.

Our 40 Weather units (39 flights and one squadron), provide weather support to Army Guard and Reserve units and also train with the units they are tasked to support.

We have 29 Tactical Control units operating mobile radar control and reporting centers in addition to providing forward air control posts. These 29 units consist of 3 Tactical Control Groups, 9 Tactical Control Squadrons and 17 Tactical Control Flights. All units have a wartime tasking and quick response deployment schedule. Ten of these units deployed to Europe in FY 1986 to support exercises in Denmark, Gibraltar, Italy and Germany.

We also have 4 Aircraft Control and Warning Squadrons which provide air surveillance radar coverage and aircraft control capability for Hawaii and Puerto Rico. The Regional Operational Control Center in Hawaii is operated and maintained completely by Air Guard personnel.

Our 19 Engineering Installation (EI) squadrons are equipped and trained to engineer, install, relocate, remove, restore and accomplish on-site depot level maintenance on radars, antennas, cable plants, radios and teletype and communications centers. Our EI units represent the majority of the total Air Force capability for this type work and each year accomplish a significant portion of the total Air Force EI workload.

Our 10 Civil Engineering units are trained and equipped to undertake wartime force beddown, rapid runway repair and base recovery construction. Peacetime alteration and repair projects sharpen their wartime skills and provide urgently needed projects for both active Air Force and Air National Guard bases.

Our remaining mission support units run the gamut from Permanent Field Training Sites where our flying units deploy for inspections and realistic training to Air Base Defense units charged with protection of airfields.

Like their flying unit counterparts, our mission support units contribute heavily to the total Air Force combat capability. In FY 1988, the Air Guard will possess 67 percent of the Air Force combat communications forces, 56 percent of engineering and installations forces, 24 percent of the civil engineering forces, 50 percent of tactical weapons control, 17 percent of the weather reporting and forecasting forces, 69 percent of the aircraft control and warning forces, 9 percent of Medical Support units and 15 percent of Aerial Port units.

TRAINING, EXERCISES AND DEPLOYMENTS

Air National Guard units make significant contributions to the Air Force as a by-product of realistic training. We are full partners with other active and reserve components in overseas deployments, Joint Chiefs of Staff exercises, Air Force training exercises, and Air National Guard sponsored Composite Force Training exercises.

Our overseas deployments temporarily move entire flying units along with their support personnel, civil engineering, tactical control, engineering installation, and combat communications units to theater locations throughout the world. Such deployments provide realistic and valuable theater specific training.

The Air National Guard has exercised several deployment concepts in order to validate wartime capabilities and maximize our training dollars. For example, five ANG fighter units used KC-10s in a dual role (air refueling and airlift) to support Checkered Flag deployments to Iceland, Spain, Italy, United Kingdom and Germany. Use of the dual role KC-10s helped prove the KC-10s capability in major squadron deployments and significantly reduced the overall cost of these important Air National Guard deployments.

During 1986, three ANG tanker units deployed four aircraft each and approximately 200 personnel to Moron AB, Spain for 15 days of annual training in support of the European Tanker Task Force. ANG tanker units also deployed to Wake Island (5 aircraft); Rome, Italy (3 aircraft); Kadena AB, Japan (3 aircraft), and United Kingdom (2 aircraft). Our aircrews gained valuable experience in European and Pacific theater air refueling tactics, our support personnel became seasoned in unit support operations away from home station, and all personnel benefited from a mobility preparedness exercise. During 1986, the ANG supported 36 separate fighter deployments by providing nearly 100 KC-135E tanker aircraft.

In addition to the refueling support provided for in-theater training requirements during these exercises, the ANG tanker units provided a KC-135 aircraft on 24 hour alert in Keflavik, Iceland to support the real world mission of E-3 and F-15 assets stationed there.

For one year, from 1 April 1986 to 31 March 1987, the Air National Guard maintained two F-4 aircraft on 24 hour alert at Ramstein AB Germany. This deployment of 8 F-4 aircraft was supported by 750 Guardsmen, from over 20 states, with the special effort of three core units from Fargo ND, Duluth MN, and Fresno CA. These Guard volunteers received excellent training while simultaneously performing a real world active duty mission.

Our ski-equipped C-130 unit at Schenectady, NY provides the only Air Force capability for transporting oversized cargo to the remote radar sites on the Greenland icecap. This Arctic resupply mission, Volant Dew, entails airlift of all fuel, construction items and oversized supplies throughout the year. This unit also supports National Science Foundation projects on the icecap and provides search and rescue support when required.

In the Southern Command region, the ANG maintains four A-7 aircraft on station at all times in defense of the Panama Canal. These aircraft are supported by our reengined KC-135s, which in addition to performing aerial refueling, move personnel and equipment and release previously used C-130s for other taskings. We also maintain two Aircraft Control and Warning Radar units in defense of Puerto Rico, and support airlift requirements throughout Central and South America with six C-130 aircraft, a mission we share with the Air Force Reserve.

During FY 1986, Air National Guard Tactical Airlift units provided support for 352 missions, utilizing 1,220 airframe days and flying 6,100 hours, in Joint Airborne/Air Transportability Training (JA/ATT), an interservice program for the wartime application of airlift. In this program, the various services jointly develop common procedures for combat operations in order to attain and maintain wartime readiness.

The Air Guard also supports the Army in exercises throughout the world. Joint training programs, such as at the National Training Center, Fort Irwin, California, provide joint training experience for both the Army and Air National Guard.

To sharpen ANG fighting skills and familiarize our ANG personnel with joint operations, Composite Force Training exercises are conducted throughout the year. These exercises are sponsored and planned by Air Guard flying units, Permanent Field Training Sites, and active Air Force units. These exercises encompass all mission areas of the Air Guard and are developed for the specific purpose of providing realistic training for all participants.

As a further measure of the ANG's global readiness and realistic training received, 14 Tactical Fighter and Reconnaissance units participated in 11 overseas deployments to Korea, Germany, Norway, England and Turkey during FY 1986. Two of these deployments were joint deployments where two or more units deployed together. This approach has reduced airlift costs, since units share equipment and resources. Ten Fighter and Reconnaissance units are scheduled to participate in 9 overseas deployments in FY 1987.

I have talked about the significant contributions our flying units make as a by-product of training. Our mission support units have also made impressive training advances. In the past year, our combat communications units have deployed approximately 1,500 personnel to Europe, Central America, Southwest Asia and Korea in support of major exercises. Additionally, thousands of ANG communications personnel have participated in dozens of exercises within the continental United States. The combat readiness of these units will be tested again in FY 1987 by their participation in 42 exercises and deployments worldwide.

Our Engineering Installation (EI) units also deployed to Europe and Korea during FY 1986 and performed successfully exercising wartime conditions.

Our civil engineering and services units also participate in JCS European, Pacific, Alaskan and Southern Command exercises. A steadily growing trend of National Guard involvement in joint exercises has enhanced training and the Total Force concept.

COMPETITION

Competition among Air Force, Air Force Reserve and Air National Guard units indicates how well prepared our units are compared to each other.

Volant Rodeo is a world-wide tactical airdrop competition involving active, Reserve, Guard and allied aircrews, maintenance and associated support personnel. In 1986, Volant Rodeo was held at Pope AFB with 34 units participating, including 5 ANG units. Recipient of the Best Overall Unit Award was the 145th Tactical Airlift Group, Charlotte, NC. This event, to be called Airlift Rodeo in future years, is the top competitive event for airlift units and receives world wide publicity.

All ANG Reconnaissance units participated in Reconnaissance Air Meet 86 (RAM 86) at Bergstrom AFB TX in November 1986. The RAM 86 competition was a tactical reconnaissance competition involving active Air Force, Navy and Marine Corps units; Navy and Marine Corp Reserve units; a Royal Austrailian Air Force unit; and Air National Guard units. The top overall team in this world-wide competition was the ANG's 152d Tactical Reconnaissance Group, Reno, Nevada. The 186th Tactical Reconnaissance Group, Meridian, Mississippi, was named the top maintenance team and the 124th Tactical Reconnaissance Group, Boise, Idaho, was recognized as the top aircrew. Overall, ANG teams held 5 of the top 7 positions in this competition.

The first competition for combat communications units was held in FY 1986. "Combat Challenge", a series of competitive events, measures team skills in mobility, physical fitness, and set-up and operation of Communications-Electronics (C-E) and Traffic Control and Landing Systems (TRACALS) equipment. Three ANG groups and four active Air Force groups fielded teams for the competition with the team from the 162nd Combat Communications Group, California ANG placing first in Combat Challenge '86.

ANG Electronics Installation units compete annually in the "EI Shootout". The "Shootout" is a series of competitive taskings undertaken by Air Guard and Active Air Force units. The ANG EI teams regularly place competitively in these events.

READINESS

I am proud to report that again in 1986, Air National Guard units have successfully demonstrated their capability to perform their wartime mission during Operational Readiness Inspections (ORIs) conducted by Air Force gaining commands. Even through the turbulence related to conversions and modernization efforts, the readiness of our units remains at a very high level.

There are a number of contributing factors to our readiness. Recently adjusted ANG precedence ratings in the DoD Logistics System have given us parity with like Air Force units. As a result, we have improved our equippage and support posture in consonance with DoD policies. Assignment of more modern equipment has lessened logistical problems. And, our people are doing a superb job. Realistic training and increased activity provides a solid base in preparation for ORIs. These inspections are conducted using realistic wartime scenarios that inject stress and require commanders and staff to make decisions that closely approximate what would be expected in the wartime environment. The majority of ANG units now deploy from their home stations for inspections. These deployments accentuate mobility training and experience in unit operations in an unfamiliar environment and have materially enhanced unit readiness and capability.

MANPOWER

The Air National Guard achieved an end strength of 112,592 in FY 1986. This is the highest level ever achieved by the ANG and marked the eighth consecutive year that programmed end strength levels have been achieved. In FY 1987, we are operating under a Congressionally imposed end strength ceiling which limits our growth.

In the past, all reserve components operated under an average strength floor enabling components to take advantage of favorable recruiting climates and exceed end strengths, provided the necessary fiscal resources could be identified within available appropriations. I urge the Congress to allow us to return to the strength floor concept enabling us to profit from a positive recruiting atmosphere. Our programmed FY 1987 end strength of 113,429 includes 7,631 Active Guard/Reserve (AGR) personnel, our programmed FY 1988 end strength of 116,700 includes 7,906 AGRs, and we are programming a FY 1989 end strength of 117,700 with 7,972 AGR personnel. We plan on attaining these strengths in FY 1987-89 with funded average strengths of 111,869, 114,100 and 116,200 respectively.

The Air National Guard full-time force is vital to the success of the ANG mission and consists of a mix of Title 32 military technicians, Active

Guard/Reserve (AGR) personnel and Title 5 civilians. The military technicians and AGR personnel provide continuity at our units throughout the year and play an important role in the training of our traditional Guard personnel. The vast majority of our military technicians are in maintenance and support functions. Security, field training sites, ranges, detached alerts, aircraft operations, recruiting, retention and similar type functions that are military in nature are performed by AGR personnel. Title 5 civilians are employed here at the Headquarters and at those bases where the ANG has been designated as the host.

In FY 1986, the Air Guard did not achieve its combined military technician and full-time military (AGR) end strengths due to fiscal constraints imposed by Gramm-Rudman-Hollings and because it appeared that a zero growth posture would be enacted for FY 1987. Our FY 1987 full-time growth was actually reduced by 586 without a corresponding reduction of roles and missions. The FY 1988 funding request reflects only 31 technician and 275 AGR increases. The FY 1989 request includes an additional 45 technicians and 66 AGR personnel above FY 1988 levels. Full-time resources are programmed to support specific missions, equipment and force structure changes. Full-time strength reductions will limit our ability to perform assigned missions and could eventually effect our unit readiness objectives. Limited AGR growth will also create serious personnel problems in the ANG, foremost of which is grade stagnation.

Although the ANG has consistently exceeded programmed strength levels, many critical skills remain below acceptable levels. At the end of FY 1986, a significant percent of our vacancies were in hard-to-fill skill areas such as avionics systems, munitions systems, aircraft armament and Communications systems maintenance. Through the judicious use of the New G.I. Bill and other incentives, we hope to eliminate these shortfalls. We expect to meet our strength goals, but anticipate a greater challenge as the recruitable population decreases.

The ANG recruiting program uses a precision recruiting approach which keynotes recruiting for existing or projected skill vacancies. Overall responsibility for recruiting rests with the respective State or territory. The addition of a full-time retention force at base level has paid off as the ANG has the highest retention rate of any reserve component. We continue to focus our attention on recruiting rated officers, medical officers, engineering officers, minorities and women. The continuation of recruiting and retention as co-equal programs has aided the ANG in meeting end strength objectives as well as furthering our progress in reducing critical skill vacancies.

The Air Guard is highly dependent on prior service personnel as a source of recruits. By recruiting a high percentage of prior service personnel, we are able to utilize the skills of a trained and experienced person and avoid the high cost of basic military training and initial skills technical training. Since 1980, our enlisted accessions have approximated a 60 percent prior service and 40 percent non-prior service mix.

OPERATION AND MAINTENANCE BUDGET REQUIREMENTS

Operation and Maintenance funds are the key ingredient of force readiness. These funds are used to buy fuel and flying hour supplies, perform depot maintenance on our weapons systems and components, maintain our facilities, and pay our civilian employees.

The following table shows Operation and Maintenance funding data for FY 1986-89 for the Air National Guard.

($ in Millions)

Budget Activity	FY 1986	FY 1987	FY 1988	FY 1989
Mission Forces	$1,285,755	$1,307,284	$1,476,253	$1,534,374
Depot Maintenance	322,386	366,541	389,668	394,285
Other Support	115,195	121,703	107,071	102,229
TOTAL	$1,723,336	$1,795,528	$1,972,992	$2,030,888

The Air National Guard Operation and Maintenance request for FY 1988 reflects an increase of $177.5 million over FY 1987. However, all of this is price growth which buys nothing as far as new programs are concerned. In fact, the FY 1988 request reflects negative program growth of 0.8 percent. Similarly, while FY 1989 reflects an increase of $57.9 million over FY 1988, this too is price growth. There is negative program growth of 0.3 percent in FY 1989.

The Operation and Maintenance Appropriation is administered in three separate programs called budget activities. The activities are Mission Forces, Depot Maintenance, and Other Support.

Mission Forces. This budget activity funds our flying and mission support unit operations. Major changes in this activity are:

- Increases to support three additional aircraft conversions and to support the transfer of 47 additional PAA from Other Support budget activity.

- Decreases due to one time purchase of supplies in FY 1987, one time purchase of data automation equipment to support the ANG portion of the Core Automated Maintenance System (CAMS), and transfer of the contract portion of the Hawaii Regional Operations Control Center (HIROCC) back to the Air Force.

Depot Maintenance. This budget activity funds all centralized maintenance and modification of our weapons systems and other equipment performed at Air Logistics Centers. Major changes in this activity are:

- Increases in engine overhauls and F-15/F-16 aircraft maintenance and modifications.

- Decreases in F-4D aircraft program depot maintenance and F-4D, A-7, and EC-130 aircraft maintenance modifications.

Other Support. This budget activity funds the operation of the ANG support aircraft flying program, the National Guard Bureau's Air Directorate, real property maintenance, and base operating support for the six bases for which the ANG is host or single manager (Buckley, Ellington, Otis, Rickenbacker, Selfridge and McEntire). Major changes in this activity are decreases due to transfer of C-12, C-22, C-130A, C-131, and T-43 aircraft to Mission Forces budget activity; ANG Headquarters civilian end strength reduction; and deferral of facility maintenance project at Quonset, RI until FY 1989.

ANG MILITARY PERSONNEL BUDGET REQUIREMENTS

This appropriation provides military personnel funding for the pay, allowances, clothing, subsistence, retirement and other expenses of Air National Guard members. The budget request is based on an average of 114,100 personnel in FY 1988 and 116,200 personnel in FY 1989 who will be assigned to ANG flying and mission support units. The following table shows National Guard Personnel, Air Force, funding data for FY 1986-89.

($ in millions)

Budget Activity	FY 1986	FY 1987	FY 1988	FY 1989
Unit and Individual Training	$558,435	$490,823	$509,874	$519,998
Other Training and Support	415,898	457,755	470,126	460,002
TOTAL	$974,333	$948,578	$980,000	$980,000

The Military Personnel budget request for FY 1988 increases by $31.4 million over FY 1987 and remains at that amount for FY 1989. This provides real growth of 2.8 percent in FY 1988 and 0.2 percent in FY 1989.

Unit and Individual Training. This budget activity finances all those personnel who annually perform 15 days of active duty for training, 48 unit training assemblies and additional flying training periods (Pay Group A). It also finances basic training for non-prior service personnel as well as follow-on skills training either at home station or formal Air Force technical schools (Pay Group F). Lastly, it finances the pay of high school graduates and seniors who are awaiting entry into basic training (Pay Group P). Major changes in this activity are increases in medical manning in response to second echelon medical tasking, increases in response to aircraft growth and associated force structure changes, additional funding to support increased participation rates at Unit Training Assemblies, the full year impact of prior year strength increases and Retired Pay Accrual associated with program changes.

Other Training and Support. This budget activity finances formal school training for our personnel; special training tours of active duty; pay, allowances and other expenses for ANG personnel on full-time active duty; and other costs such as enlistment and reenlistment bonuses, educational assistance, selective affiliation bonuses, student loan repayments, disability payments for personnel injured in the line of duty, and retirement pay accrual costs. Major changes in this activity are increases for additional medical schooling, increased direct unit support manning, and Retired Pay Accrual associated with program changes.

CONCLUSION

The Air National Guard has proven to be an integral part of the Total Force. We exist to support U.S. foreign policy and national security objectives, while providing a State militia uniquely qualified for local disaster and public safety needs. Our responsibilities are truly global, national and local, and each offers its own set of challenges for the future.

The Air Guard is ready to meet these challenges. The capability of our citizen airmen to respond to the most demanding wartime missions is a matter of record. We appreciate the continuing strong support of the Congress. Your support has permitted the Air National Guard to continue modernization and to make significant progress toward our goal of strength through readiness.

Mr. Chairman, this concludes my prepared statement and I will be happy to respond to any questions you may have.

PREPARED STATEMENT OF MAJ. GEN. ROGER P. SCHEER
Chief, Air Force Reserve, Headquarters, USAF

MR CHAIRMAN AND MEMBERS OF THE COMMITTEE:

It is with great pleasure I report the Air Force Reserve attained an end-strength of 78,519 in Fiscal Year 1986, exceeding its programmed end-strength of 77,400. Our units are well-manned and well-trained and capable of being mobilized in 24 hours and deployed within 72 hours. With the continuing support of the Congress, the keys to Reserve effectiveness have been, and continue to be, quality personnel, meaningful missions, modern equipment, and the strong support of the active force. The end-strength of the Air Force Reserve will nearly have doubled between Fiscal Year 1973 and Fiscal Year 1992, rising from 43,700 to 87,000. As we have experienced this growth, brought about by the addition of new missions and responsibilities, we have not seen a corollary growth in full-time support. Over the past ten years, our full-time support compared to unit end-strength has decreased from approximately 25 percent to 20 percent. In today's austere budget environment, with the Reserve Forces being assigned an ever-increasing portion of our Nation's defense, this unfavorable trend in full-time manning has the potential of adversely affecting the overall readiness of our Reserve program. This adverse trend in full-time manning will be continued by the Congressionally directed DoD reorganization, which will require a further reduction of 12 percent, equating to 73 authorizations in Air Force management headquarters. While we strongly support the reorganization effort, these cuts along with Congressionally directed reductions in active force positions will create an unfavorable impact on the day-to-day management of the Air Force Reserve. For this reason, I elicit your support in eliminating future management reductions.

As of December 1986, Air Force Reserve flying units were combat ready, excepting those in conversion. KC-135 units have completed re-engining of KC-135A model aircraft to the KC-135E model. By utilizing donor aircraft engines from used Boeing 707s the KC-135E now has more offload capability with less noise and pollution. The new engines provide a 14 percent increase in fuel efficiency over the KC-135A. Like our active counterparts, the ultimate goal is the KC-135R which is programmed to be received in the 1990s. The KC-135R uses the fuel efficient CFM-56 engine to provide even greater thrust while using less fuel.

The Air Force Reserve will continue to modernize its airlift forces in FY 1988-89. This modernization will result in a growth of end-strength. In FY 1988, we will continue with the conversion of the unit equipped C-5A strategic airlift unit at Kelly AFB, TX with the addition of four C-5A aircraft. By the second quarter of FY 1989, Kelly AFB will have received its full complement of 15 aircraft. Our second equipped C-5A unit at Westover AFB, MA receives its first aircraft in the first quarter of FY 1988 and will grow to 14 aircraft by the second quarter of FY 1989. I am pleased to report that our success in recruiting the significant increase in personnel demanded by the enhanced strategic airlift capability at Kelly AFB has exceeded our expectations, and we do not anticipate recruiting problems at Westover AFB.

In FY 1988, our first C-141 equipped unit at Andrews AFB, MD will have its full authorization of eight aircraft. The C-141 has long been the workhorse of the strategic airlift, and the Air Force Reserve is proud to be able to participate in the Total Force with the C-141 Starlifter in the equipped, organic mode.

To support the tactical airlift mission, the Air Force Reserve will receive eight new C-130Hs in FY 1988 to replace eight old C-130As at Chicago-O'Hare. The authorization and funding added by Congress in FY 1987 allowed us to effect this conversion. The remaining 16 AFR C-130As average nearly 30 years of age. Yet they are programmed to remain in the inventory until the early 1990s when they are to be replaced by active duty C-141s and by the purchase of C-17s. This is a workable plan, which is contingent upon the timely procurement of the C-17. Delay of the vital C-17 program, will result in very expensive, if not impossible, maintenance of these older aircraft and could endanger the lives of their crews. To preclude this, I urge the Congress to support the C-17 program.

Also, the Air Force Reserve will activate the 71st Special Operations Squadron (SOS) at Davis-Monthan AFB, AZ in the first quarter of FY 1988. The unit will have five HH-3Es and will participate in the drug interdiction effort in addition to training for its special operations mission. This represents an important step in meeting the clearly articulated goals expressed by the House and Senate in the 1987 omnibus drug bill.

We will build our fighter force from 228 to 240 aircraft in FY 1988, and maintain that level throughout FY 1989. Aging F-4D aircraft will be replaced by newer, more capable F-16A/B aircraft at Homestead AFB, FL, and Tinker AFB, OK in FY 1988, and at Wright-Patterson AFB, OH in FY 1989. Additionally, Luke AFB, AZ will reach its full complement of 24 new F-16C/D aircraft during FY 1988. With these conversions, only two F-4 units will remain in the Air Force

Reserve. However, continued modernization which is central to readiness and war fighting capability is inextricably tied to maintaining currently programmed Air Force procurement rates of new aircraft. Any cutbacks in F-16 and F-15 procurement levels will dictate that our aging F-4 aircraft remain in the inventory beyond programmed retirement in the early 1990s. Thus, I urge the Congress to support the goals and concepts of the Tactical Fighter Roadmap.

We also provide extensive combat and mission support involving over 500 Air Force Reserve mission support elements Of the total Air Force, the Air Force Reserve provides 71 percent of the Air Force Aero-medical Evacuation Units, 60 percent of Aircraft Battle Damage Repair Capability, and nearly 50 percent of the Aerial Port capability. We represent 20 percent of the Air Force Civil Engineering force and equipment and 22 percent of the Service's Tactical hospitals and clinics. The majority of our mission support manpower growth in FY 1988 and FY 1989 will be in the medical force and civil engineering areas.

Air Force Reserve equipped and associate strategic and tactical airlift units flew 128,528 flying hours in FY 1986, augmenting Military Airlift Command's global airlift mission. Nearly 409,000 tons of cargo was air-dropped or air-landed during these operations. Associate C-9 aeromedical crews with their MAC counterparts logged 22,582 flying hours airlifting more than 57,000 patients in the United States.

The Air Force Reserve operation and maintenance appropriation provides for the day-to-day operating expenses of Reserve bases and units including the pay of civilian personnel, aviation and ground fuels, depot maintenance, real property maintenance, supplies, and other expenses required to carry out the Reserve mission. The appropriation increases in FY 1988 by $85.8 million, of which $52.6 million is price growth, and $33.2 million is program growth.

The operations and maintenance increases in FY 1988 occur primarily in C-5 Strategic Airlift ($22.4 million), F-16 Tactical Fighters ($16.7 million), KC-10 Tanker Cargo ($6.9 million), and C-141 Strategic Airlift ($3.6 million). The FY 1989 increases occur in F-16 Tactical Fighters ($22.7 million), C-5 Strategic Airlift ($21 million), KC-10 Tanker Cargo ($1.3 million), and A-10 Tactical Fighter flying hours ($1.1 million). Depot maintenance program growth ($5.2 million in FY 1988 and $8.2 million in FY 1989) is related to the addition of modern, sophisticated aircraft to the Air Force Reserve inventory and increased structural repairs on the F-4 and F-16A/B fleets.

Increased base operating support and real property maintenance funding requirements support the additional aircraft inventory and the requirement to provide security for aircraft located on Air Force Reserve bases ($2.7 million in FY 1988 and $1.1 million in FY 1989).

In addition to our unit program, the Air Force has a successful program to provide trained Individual Mobilization Augmentees (IMAs) to active force units upon mobilization. IMAs are members of the Selected Reserve and are assigned to specific positions established in active force organizations. These skilled wartime replacements are trained and supervised by the active force. IMA requirements are identified by grade and skill as part of the annual wartime manpower planning process of the Air Force.

Reservists assigned to IMA positions are fully qualified in their Air Force specialties. As a result, these Reservists in fields as diverse as medical, legal, research and engineering, maintenance, and intelligence are able to assist with the day-to-day mission of their organizations while they are on inactive duty and active duty training periods. For example, physicians performing medical diagnosis and treatment or teaching other physicians in clinical conference on a typical Air Force base may be highly skilled civilian practitioners who are also IMAs performing their monthly or annual training. IMAs in the intelligence field are producing standardized critical area intelligence summaries for postulated missions into hostile geographic areas. Intelligence IMAs also support the Airborne Warning and Control System by deployment to Saudi Arabia.

We are requesting an IMA end-strength of 13,138 for Fiscal Year 1988 which will grow to 13,394 at the end of FY 1989. These end-strengths translate to IMA average strengths of 12,596 in FY 1988 and 13,080 in FY 1989. The total Air Force requirement for approximately 19,815 wartime IMA positions is indicative of the importance attached to this program. For the past few years, we have been working toward increased manning of these positions consistent with our ability to fund the program. Requests from the active force for IMAs to fill approved wartime manning positions always exceed the funds available to do so.

I mentioned earlier the very favorable manning posture the Air Force Reserve has achieved and maintained. This year the National Defense Authorization Act, Section 411B, establishes an end-strength ceiling. The Air Force Reserve has not had a ceiling in the past but has taken advantage of the favorable recruiting climate to exceed our programmed strength goal. We have exceeded our floor for nine years in a row. A ceiling does not permit the flexibility to take advantage of recruiting the many highly qualified prior service personnel being released from active duty. I, therefore, urge Congress to allow the Air Force Reserve to return to the strength floor concept enabling us to benefit from a positive recruiting atmosphere. We started Fiscal Year 1986 with 75,214 people and ended the year with an onboard strength of 78,519, a net increase of 3,305 people. We have maintained the quality of our force, as evidenced by the fact that 99 percent of all non-prior service enlistees are high school graduates or equivalent. Our unit commanders and supervisors at all levels continue to take an active recruiting role. With their enthusiasm and hard work, combined with the excellent performance of our recruiting force, and a continued command emphasis on retention, we fully expect to meet our Fiscal Year 1987 programmed end-strength.

In obtaining skills essential to wartime medical readiness planning, we have not been as successful as we would like. General and orthopedic surgeons, anesthesiologists, operating room nurses, and related ancillary surgical support personnel continue to be much more difficult to attract. We have been making some headway in these areas by special marketing efforts in recruitment and retention. In the next five years we project to be 100 percent staffed in general surgeons, approximately two-thirds in orthopedic surgeons and anesthesiologists, and 80 percent in nurses toward our wartime needs. Two new programs authorized by the Fiscal Year 1986 DoD Authorization Act, known as the Medical Loan and Stipend Programs (Public Law 99-145) promise to do much to attract young professionals in critical specialties into our medical programs by way of educational assistance. In Fiscal Year 1986, we used 2,826 continuing education (CHEER) mandays for professional education seminars and courses, both at military schools and at leading universities to update our medical personnel in the latest advances in medical care. We have benefited greatly by the efforts of AOSD/HA and the support of Congress in formulating new programs essential to meeting our wartime requirements. High quality professionals are interested in job satisfaction and opportunities to make meaningful contributions. Benefits attendant to such assignments, such as overall pay and compensation, retirement, and opportunities for continued professional education are factors we must continue to address if we are to continue to meet projected wartime shortages, particularly in hard to fill surgical specialties. Given the incentives mentioned, we are projected by 1992 to be 100 percent staffed by general surgeons, approximately two-thirds staffed by orthopedic surgeons and anesthesiologists, and 80 percent staffed by nurses towards our authorized wartime requirements. With Congressional recognition of, and support of high quality medical care for our fighting forces, I am confident that we can show continued progress.

The New GI Bill is, in our estimation, the single most important program to enhance our recruiting and retention efforts. Currently, about 40,000 personnel could meet the eligibility criteria. Of these, over 12,000 have already signed up and 3,060 are receiving Veterans Administration benefits. Compared with DoD enlisted personnel, more Air Force Reservists are receiving New GI Bill benefits (4.8% versus 4.6%). We fully support continuing it and hope it will be extended past its present cut off date of 30 Jun 88.

We are also pleased that Congress authorized reserve force members to better utilize their commissary benefits by accruing use of military commissaries for up to 14 days a year. Based on the commissary test, we do not envision any significant increased workload on military commissaries as a result of this new program. However, we do see it as an added incentive in our continuing recruiting and retention efforts.

The Air Force Reserve is programmed to grow from a full-time support strength of 9,089 Air Reserve Technicians (ARTs) and 4,648 civilians in Fiscal Year 1987 to 10,052 ARTs and 4,627 civilians in Fiscal Year 1989. Specific reasons for this growth can be attributed, to conversion of a second unit to C-5 unit equipped, plus growth of both C-5 units in numbers of aircraft—an increase of 700 full-time support authorizations in Fiscal Year 1988 and 187 more in Fiscal Year 1989. The added impact of the Air Force Reserve providing 15 percent maintenance capability to three newly activated KC-10 associate locations is a second factor and the activation of the Air Force Reserve's new special operations unit also increases demand. Continued modernization of the force will offset some of the above increases such as conversion of our WC-130 weather recon unit to C-130s and the programmed modernization of our fighter force.

Air Force Reserve full-time support is necessary to maintain the high state of combat readiness so necessary to meet Total Force policy. The key ingredient of this goal lies with the Air Reserve Technicians who serve as full-time civilian employees, trainers, administrators, as managers of Reservists during the week and as members of Air Force Reserve units in which they are employed. During mobilization ARTs become the nucleus around which the units will be formed.

We remain totally committed to the Air Reserve Technician program as the very cornerstone of the Air Force Reserve Management structure. Twenty-eight years of experience is ample testimony that this program has enabled the Air Force Reserve to achieve and unparalleled level of combat readiness. The picture of our technician pilots is not as uniformly bright. In fact, for Air Reserve Technician flying officers, we are beginning to see a potential problem in attracting and retaining highly qualified personnel to fill these critical positions. Because civil service pay has not kept up with that of the military and civilian sector, we are seeing a widening gap between our ART flying officers and their counterparts in the pay and benefits area.

Minimal enhancement growth of statutory tour authorizations are required at key headquarters, Air Staff, JCS, and OSD positions to assist in the development of Reserve policy, manage Reserve programs, and advise senior active force commanders on USAFR matters that are integral to the Total Force policy.

Proposed changes to Sections 8335 and 8336, Title 5 USC, are still being coordinated within the administration. These changes will permit the separation of "status quo" technicians (who, through no fault of their own, have lost their military assignment) as soon as they become eligible for an immediate retirement annuity. A counterpart amendment to Title 10 was signed into law as part of the 1986 Authorization Act. It allows the Secretary of the Air Force to extend Reserve officer MTs to age 60, if necessary, so they can remain as active military members until they reach Civil Service retirement eligibility. The proposed amendment to existing legislation in Title 5 will help provide a combat ready technician force and at the same time offer fair and equitable treatment to the technician regarding tenure in his or her civil service capacity.

The Reserve Officer Personnel Management Act (ROPMA) was introduced in the House of Representatives during the 99th Congress, but no hearings were held. It will again be submitted by the Department of Defense to the 100th Congress. We support this proposal. We ask that Congress consider it expeditiously and, after resolving any issues, forward it to the President for signature.

The Air Force Reserve had a rewarding year. If I may, let me highlight some of our achievements during 1986:

> Air Force Reserve forces transported some 150,000 pounds of goods to Central America, which amounted to nearly 75 percent of all military humanitarian cargo moved under the Denton Amendement to the 1985 Defense Authorization Act.
>
> Two Air Force Reserve units joined Military Airlift Command (MAC) aircrews in providing disaster relief for El Salvador, which was devastated by a major earthquake in October.

US Air Force Reserve (USAFR) rescue units saved 52 people in 1986. It was a particularly busy year for the 304th Aerospace Rescue and Recovery Squadron, Portland IAP, Oregon, as they alone were credited with 24 saves. The 304th's rescues included the highly acclaimed rescue of Oregon Episcopal School student hikers stranded on Mt Hood, passengers trapped in aircraft wreckage, an injured logger from a mountainslide, and balloonists suspended in air when their balloon became tangled around a utility pole.

The Reserve joined the Air National Guard and MAC in airlifting more than 19,000 bales of hay weighing more than one million pounds to farmers in the Southeast, whose cattle were hard-hit by the year's drought.

More than 50,000 flying hours in FY 1986 were recorded by USAFR fighter units taking part in various exercises and other training activities. Reserve fighter units participated in major exercises such as Red Flag, and their Canadian equivalent Maple Flag. Tactical fighter units continue to deploy to NATO bases under the Checkered Flag program.

Reserve KC-10 associate and KC-135 crews logged more than 8,000 missions during FY 1986, in support of Strategic Air Command's worldwide aerial refueling missions, supplying fuel to more that 9,000 airborne receivers.

Prime BEEF/RIBS (Basic Engineering Emergency Force/Readiness in Base Services) members supported the Team Spirit '86 exercise in the Republic of Korea, providing billeting, food services, laundry, and mortuary support during the exercise.

The 37th Mobility Aerial Port Squadron (MAPS), March AFB, CA, walked away with first place overall in the sixth biennial Patriot Rodeo competition.

Security police Reservists won the Chief's award at the 1986 Peacekeeper Challenge competition.

Nine Air Force Reserve units were presented the prestigious Air Force Outstanding Unit Award.

Our high level of readiness and combat proficiency in state of the art weapons systems attracted international attention. Lieutenant General Paul Th Sommerhoff, the Federal Republic of Germany's General Air Office Chief, and his staff visited our headquarters and units in February 1986 to affirm and to study Air Force Reserve programs and units. It is his stated intent to replicate FRG air reserve units in the USAFR model--which he described as the most advanced and combat effective in the world.

Our Reservists are proud of their achievements, and even more proud of their families and employers who support their endeavors. It takes the Total Reserve Force of Reservists, family members, and employers working together to properly serve our Air Force and our country. Without their teamwork, the problems stemming from long absences, frequent intense duty, and many other sacrifices could not be overcome. I am very grateful for the splendid support Congress has given to our Reservists, their families, and employers and know it will continue in the 100th Congress.

In summary, the readiness and war-fighting role of the Air Force Reserve continues to be an important element within the Total Force, and we will continue to modernize our equipment; refine and improve our mobilization procedures; and recruit, train, and retain the people needed to assure we can fight and win at any time. This committee has shown leadership in insuring the availability of readiness equipment for our Reserve forces. We appreciate the continuing strong support of Congress.

This concludes my statement, Mr Chairman. I will be glad to respond to questions.

PREPARED STATEMENT OF MAJ. GEN. J. J. SALESSES
U.S. Marine Corps Reserve
Deputy Chief of Staff for Reserve Affairs

Mr. Chairman, distinguished members of the Committee, it is a privilege to report to you on the current posture and future programs of the Marine Corps Reserve.

I am pleased to report that the Marine Corps Reserve has achieved its highest level of military capability and combat readiness. Your support of our personnel and equipment programs has resulted in significant quantitative and qualitative improvements.

Examples of this improved capability include:

- Participation of over 20,000 reservists in 16 major exercises within the continental United States and abroad.
- Modernization of aircraft in the Reserve inventory.
- Achievement of 100 percent of our nonprior service recruiting goals with over 96 percent high school graduates.
- Achievement of 98 percent of the dollar value and 94 percent of all required major equipment items by the end of FY90.

Significantly more important than these qualitative indicators, is the growing recognition of the roles and utility of the Reserve. With guidance from the Secretary of the Navy, we have conducted a review of the purpose and direction of the Marine Corps Reserve. The Commandant has approved a balanced program designed to achieve combat readiness levels for the Reserve component comparable to the Active Force, and we have developed a comprehensive framework to guide us in arriving at these objectives. This framework, our "Roadmap" for the future, is supported by three fundamental strategies:

1. Recruit, train, and retain quality personnel.

2. Maintain the modernization effort to provide quality equipment.

3. Improve Active and Reserve integration.

The Marine Corps is committed to this program for the future of the Reserve. It clearly recognizes the Reserve component as a critical partner in the military capability of our Corps. Maximizing the Reserve contribution, however, requires continued support to meet the challenges of tomorrow.

RESERVE CONTRIBUTIONS TO THE TOTAL FORCE

The mission of the Marine Corps as this Nation's force-in-readiness for power projection influences our structure and Active/Reserve component mix. Charged with maintaining the assets to mobilize rapidly, the Marine Corps Reserve augments and reinforces the three active Marine Amphibious Forces to bring them to their full strength for contingencies. The Reserve also provides the option of expanding the Corps by fielding an additional division, aircraft wing, and force service support group.

U.S. Marine Corps Reserve roles upon mobilization are:

- Augment the Active Force in order to field three active Marine Amphibious Forces at full wartime strength.

- Reinforce the active Marine Amphibious Forces with Selected Marine Corps Reserve units to provide additional desired capabilities.

- Provide the capability to field a Marine Amphibious Brigade with reduced aviation and limited combat service support capabilities.

- If augmentation, reinforcement, and/or providing a Marine Amphibious Brigade is ordered, the Reserve will provide a nucleus of residual units for reconstituting a division, aircraft wing, and force service support group.

- If augmentation, reinforcement, and/or providing a Marine Amphibious Brigade is not ordered, the Reserve can provide a division, aircraft wing, and force service support group.

Our program for the future does not anticipate any changes to the aforementioned roles. As peacetime Active Force ceilings cause pressure for the transfer of functions to the Reserve, our force structure will be shaped to accommodate the developing needs of the Active Force. Capabilities absent or insufficient in the Active Force will be emphasized and supported by the Reserve component in the midrange period.

To execute the employment roles, timely and effective training, fully integrated with the Active Force, is essential. Training and interoperability mandate the same generation equipment used by the Active Force be available to the Reserve. Congressional support of budgetary proposals will permit us to accomplish this objective and realize the fullest potential of the Marine Corps Reserve.

The Active component of the Marine Corps provides the national defense effort an extremely capable and flexible resource based upon three active Marine Amphibious Forces. This capability is contingent on the ability of the Navy-Marine Corps team to forward deploy Marine Air-Ground Task Forces. Requirements for Active Force manpower are driven, in part, by peacetime commitments as well as the anticipation of contingency response. The Reserve complements the Active component, and, considered as a Total Force, 25 percent of the Marine Corps' force structure and 33 percent of the trained manpower available to the Marine Corps is in the Reserve.

The Individual Ready Reserve provides a substantial portion of this manpower. The Manpower Mobilization Assignment System ensures the combat skills and experience of Individual Ready Reservists can be rapidly assimilated into the force as required. The Selected Marine Corps Reserve contributes trained units which are organized into the 4th Marine Division, 4th Marine Aircraft Wing, and 4th Force Service Support Group. These organizations represent substantial combat, combat support, and combat service support capabilities including 9 infantry battalions, 2 tank battalions, 5 artillery battalions, and 18 flying squadrons. The following chart depicts the major contributions made by the Reserve to the Total Force.

MARINE CORPS RESERVE CONTRIBUTIONS TO THE TOTAL MARINE CORPS

Unit Types[1]	% of Total Marine Corps
Civil Affairs Groups	100
Salvage Platoons	100
Force Reconnaissance Units	50
Air/Naval Gunfire Liaison Companies (ANGLICO)	50
Force Service Support Group Military Police	40
Tank Battalions	40
Beach and Port Companies	40
Division Reconnaissance Companies	35
Light Anti-Aircraft Missile Battalions (LAAM)	33
Heavy Artillery Batteries	33
Infantry Battalions	25
Marine Air Control Groups (MACG)	25
Marine Wing Support Groups (MWSG)[2]	25
Bulk Fuel Companies	25
Force Service Support Groups (FSSG)	25
Forward Area Air Defense Batteries (FAAD)	25
Aircraft Types[3]	
Light Attack Aircraft (VMA)	30
Observation Aircraft (VMO)	29
Aerial Refueling Aircraft (VMGR)	23
Electronic Warfare Aircraft (VMAQ)	21
Fighter Aircraft (VMF)	15
Helicopters (HML, HMA, HMM, HMH)	14

NOTES: 1. Percentages determined by counting like type units.
2. Reserve wing support units being reorganized into Marine Wing Support Squadrons to mirror active component wing support units.
3. Percentages determined by counting primary authorized aircraft.

Data as of September 30, 1986.

FORCE STRUCTURE

SELECTED MARINE CORPS RESERVE

The structure of the Selected Marine Corps Reserve is the result of a deliberate planning process. As previously mentioned, the Selected Marine Corps Reserve is capable of providing trained units to the Active Force to increase warfighting capability. Similarity of Reserve and Active Force structure greatly enhances and streamlines the process of integrating Reserve component units with the Active Force upon mobilization. Overall combat readiness is enhanced and training costs are minimized by retaining the similarity of structure.

Significant improvements in the quality of manpower have increased the readiness of the Selected Marine Corps Reserve. The overall educational levels for FY86 accessions were high, with 98.3 percent being high school graduates. Recruiting efforts for our prior service reservists are designed to match military skills and experience to billet requirements. This effort, coupled with special skill training programs, resulted in an improved skill match for FY86 of 75.9 percent compared with 71.4 percent for FY85. As a result of this emphasis, we are improving our readiness levels while optimizing our training dollars.

Budgeted and approved Selected Marine Corps Reserve manpower increases during FY86 resulted in a final end strength of 41,582. The FY87 plan calls for a goal of 42,800. Planned increases will support required structural adjustments in the Reserve community.

Our manpower plan over the next 4 years calls for a modest growth which will average less than 1,000 per year. This projected growth will allow the Marine Corps Reserve to achieve the goal of full strength by 1990. We expect to realize our Reserve manpower objective while retaining our quality standards for personnel. The increasing reliance on the Reserve, reflected in missions in support of the Active Force, demands support; and this support begins with adequate manning levels.

GROUND STRUCTURE

Our Total Force planning process has caused structural changes within the 4th Marine Division and 4th Force Service Support Group. The introduction of the M198 155mm towed howitzers began during FY85 and will be completed during FY89. Reorganization of the artillery regiment to accommodate the M198 and provide optimum support for infantry units is programmed for FY88/89. Further enhancement of our artillery capability will be realized when the Reserve receives the AN/TPQ-36 counter-fire radar in FY87. The ability of the 4th Marine Division to engage and destroy mortar and artillery assets of an opponent will improve appreciably when this change is completed.

During FY87/FY88, the Medical Logistics Company of the 4th Supply Battalion, the remainder of the 4th Medical Battalion, and the 4th Dental Battalion will be activated. These activations are critical additions to the 4th Force Service Support Group and will significantly enhance the Selected Marine Corps Reserve combat service support warfighting capability.

A light armored vehicle battalion will be activated in FY87/FY88. The battalion, consisting of 900 Marines and 110 vehicles, will be located in four states (California, Maryland, Utah, and Virginia). The light armored vehicle battalion represents a sizable increase in the firepower and maneuverability of the Reserve. Four tube-launched, optically-tracked, wire-guided missile platoons are also scheduled for activation commencing FY88. These will double the antiarmor capability of the 4th Marine Division. The capacities of the 4th Marine Division will be measurably improved by these programs.

AVIATION STRUCTURE

The 4th Marine Aircraft Wing will also undergo major structural changes as we move into the 1990's. The addition of one AH-1J attack helicopter squadron and the expansion to two KC-130 refueler squadrons are two major changes which increase Reserve combat capabilities.

The standup of a KFIR adversary squadron will enhance and promote the readiness of the Total Force. Thirteen aircraft have been leased from the Israeli Government and are being based this year at Marine Corps Air Station, Yuma, Arizona. Designated F-21A, the KFIR aircraft will be flown by active duty Marines and reservists. The squadron will provide enhanced training to Active and Reserve component aviation units using tactics employed by potential adversaries. Training for aircrew members began in the first quarter of FY87 at NAS Oceana, MCAS Yuma, and in 'srael. The aircraft are projected to arrive in the third quarter of FY87.

FULL-TIME SUPPORT

A critical component of the manpower picture for the Selected

Marine Corps Reserve is the Full-Time Support Program. This non-career program contributes to mobilization readiness and the accomplishment of the Reserve mission in two major ways. First, it brings highly qualified Marine reservists on active duty for periods of 1 to 4 years to support the Marine Corps Reserve. Their knowledge of Reserve programs assists substantially in effective administration and execution of Reserve programs. Secondly, the working experience and knowledge gathered by the reservists during their tours of active duty significantly contribute to the readiness of the Selected Marine Corps Reserve units to which they return.

Full-Time Support Marines, referred to as Active Guard/Reserve in some other Services, assist in the areas of recruiting, instructing, training, and administering the Marine Corps Reserve in accordance with 10 U.S.C. 672/678 (d) to promote improved management and a better combat capability in the Marine Corps Reserve.

The Marine Corps Reserve Full-Time Support Program complements the over 5,000 Active component Marines currently providing full-time manning support of the Selected Marine Corps Reserve. Since the Marine Corps does not utilize the Military Technician Program, and Active component end strength is a finite number, the Marine Corps Reserve could not meet the demands expected in the future without the timely and effective support provided by the Full-Time Support Program.

Programmed growth to over 2,400 by 1990 will be commensurate with the support required for the enhancements of our Reserve Force. The FY86 year end Marine Corps Reserve support personnel strengths are indicated in the table below:

MARINE CORPS RESERVE SUPPORT PERSONNEL

Active Component	5,180
FTS (Active Guard/Reserve/Training and Administration of Reserve Equivalent)	1,478
Civil Service	261
Military Technician	0
Total FTS	6,919

INDIVIDUAL READY RESERVE

The recent increase of the initial military service obligation to 8 years will have an important effect on the Individual Ready Reserve. This population is expected to increase from approximately 48,000 in FY85 to more than 75,000 by 1994. The Individual Ready Reserve is the primary source of trained individuals for Active and Reserve component units in the event of mobilization. Management and training of personnel resources are a concern of current and future planning efforts, and we have programs in place and developing to ensure appropriate training is received by our Individual Ready Reservists. A mobilization assignment system and a preassignment program are in place and continually refined during the conduct of regularly scheduled mobilization exercises. These programs will promote rapid assimilation of this asset. The Individual Ready Reserve provides an invaluable pretrained manpower pool at minimum cost.

SELECTED AUGMENTATION UNITS

Our newest structure initiative involves the establishment of Selected Augmentation Units. The Selected Augmentation Unit

Program, which began in Naval aviation squadrons, complements established augmentation/reinforcement role of the Marine Corps Reserve. The Selected Augmentation Program is designed to identify and match residual Reserve units with manpower-deficient active units. These residual units could form the nucleus for reconstituting the Reserve division, wing, and force service support group. As an employment option, however, a portion of the manpower from these units can be used to fill unmanned active unit structure. The Selected Augmentation Unit Program reservists will conduct their annual training duty with the active unit with which they would mobilize.

The Marine Corps conducted a pilot Selcted Augmentation Unit Program this summer with Reserve combat service support units augmenting undermanned counterparts of the 2d Force Service Support Group at Camp Lejeune, North Carolina. Field reports were favorable, and we will expand the program in FY87.

The Selected Augmentation Unit Program enhances both combat readiness and Active/Reserve component integration. When fully implemented, it will be another credible source of support for the Active component while simultaneously providing realistic training for our Reserve. Selected augmentation units exemplify the confidence placed in the Marine Corps Reserve and our commitment to the Total Force policy.

MODERNIZATION

Aircraft modernization plans put aircraft released from the Active Force immediately into the Marine Corps Reserve inventory. This does not, however, satisfy long-term requirements. While these aircraft remain capable, our aviation plans require continued congressional support to field modern aircraft to our Reserve.

Aircraft such as the F-4S, A-4M, CH-46E, UH-1N, AH-1J, and KC-130F are being flown by both Active and Reserve components, providing a substantial degree of commonality. This allows the smooth integration of Reserve component squadrons into Active component aircraft groups in their mobilization role. The Reserve has converted to an all F-4S fighter force, and plans call for an all A-4M attack force by FY89. Our goal is to upgrade with the F/A-18 and have an all F/A-18 reserve fighter/attack force with transition beginning in 1989, 2 years earlier than we reported to you last year.

Increased requirements for rapid response and integration with the Active Force underscore the need for commonality with the Active Force units. In the aviation arena, commonality should also result in increased efficiencies in training costs, spare parts, and aircraft maintenance.

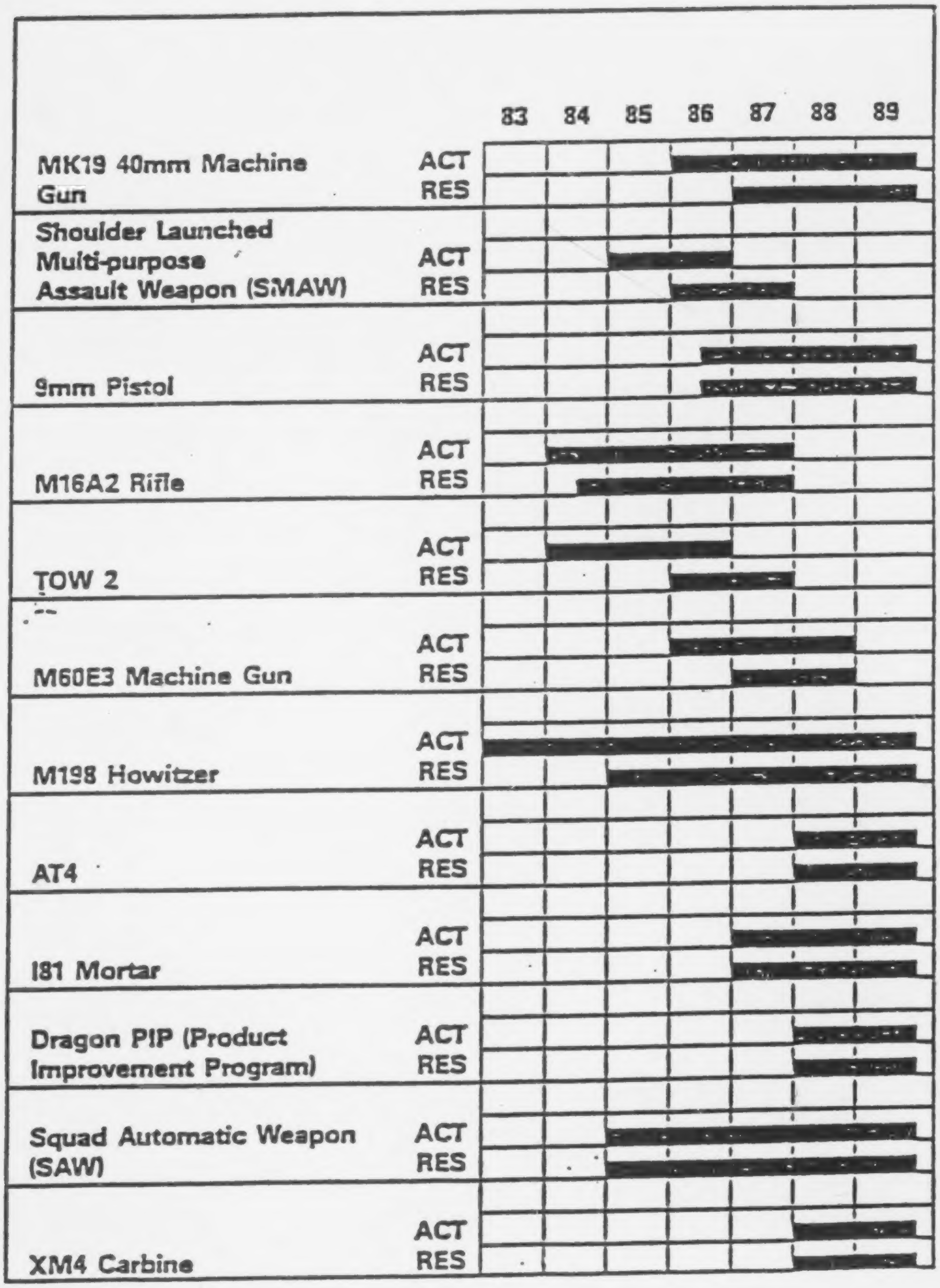
We will continue to fly the CH-53A in the forseeable future, but efforts will be made to modernize these aircraft if an opportunity presents itself. CH-46E squadrons will continue to provide medium-lift capabilities for the Reserve until FY96/FY97, when they will transition to the MV-22A, Osprey.

The Reserve currently has one aerial refueler squadron of KC-130's partially configured with the newest KC-130T. Ten aircraft have been delivered and are currently based at Naval Air Station, Glenview, Illinois, with the older KC-130F's. Two aircraft are scheduled for FY87 delivery. The standup of an additional squadron at Stewart International Airport, New York, is moving ahead in the areas of programmed personnel, aircrew training, flight-hour funding, and facility construction. Scarce MILCON funding will delay activation of the squadron until the first quarter of FY83.

EQUIPMENT

Modern combat equipment is essential to readiness. Acquisition profiles have, for several years, provided concurrent fielding of equipment to the Active and Reserve components. In the concept referred to as the single acquisition objective, the total requirement for the entire U.S. Marine Corps is determined and procured.

While historically the Marine Corps has included the Reserve in developing acquisition objectives, equipment fielding to Reserve component units has usually lagged behind the Active component due to funding constraints. Funding levels, however, during the past 5 years, have allowed concurrent procurement of most equipment items. Examples of concurrent fielding plans, depicted on the following chart, demonstrate the Marine Corps' commitment to, and the beneficial effect of, the single acquisition objective concept.


83
84
85
86
87
88
89
MK19 40mm Machine Gun
ACT
RES
Shoulder Launched Multi-purpose Assault Weapon (SMAW)
ACT
RES
9mm Pistol
ACT
RES
M16A2 Rifle
ACT
RES
TOW 2
ACT
RES
M60E3 Machine Gun
ACT
RES
M198 Howitzer
ACT
RES
AT4
ACT
RES
I81 Mortar
ACT
RES
Dragon PIP (Product Improvement Program)
ACT
RES
Squad Automatic Weapon (SAW)
ACT
RES
XM4 Carbine
ACT
RES

The Marine Corps' goals of procuring standard combat equipment for our Reserve are being met. Today, over 87 percent of the equipment required for training is on-hand. Additional equipment required for mobilization is held at the Marine Corps Logistics Bases. Current procurement programs will eliminate all but 1.7 percent of the equipment shortages by the end of FY90.

Marine Corps procurement funds in the amount of $57.7 million have been allocated for the Reserve component in FY87. The FY88 request for $41.8 million represents 2.9 percent of the FY88 Procurement, Marine Corps appropriation, and includes such items as the Position Azimuth Determining System, 9mm Pistol, 5.56mm carbine, and a variety of tractors, forklifts, and cranes. Distribution of funds allocated to Reserve component procurement is displayed below by commodity area:

(Shown in $ Million)

	FY86	FY87	FY88	FY89
Weapons and Tracked Combat Vehicles	29.5	22.8	3.6	6.3
Communication/Electronics Equipment	20.4	1.7	8.5	5.6
Support Vehicles	62.2	17.3	0.2	.9
Engineer Equipment	19.8	14.9	28.5	13.9
Spares and Repair Parts	3.5	1.0	1.0	1.0
Total	135.4	57.7	41.8	27 7

FACILITIES

Another aspect of our overall program includes the upgrade/ replacement of many Reserve component training facilities. The Marine Corps Reserve presently occupies 186 reserve centers located in 46 states, the District of Columbia, and Puerto Rico. Forty-eight reserve centers are managed or owned by the Marine Corps. The remainder are occupied jointly with other Services.

Replacement, modernization, and expansion of Navy and Marine Corps Reserve facilities are funded through the Military Construction, Naval Reserve appropriation. Funding levels for the previous 5 years averaged $40 million. An average of $12.6 million of the Military Construction, Naval Reserve funds have been provided annually to Marine Corps Reserve projects. During this period, the construction backlog increased from $290 million in FY82 to $845 million in FY87. Inadequate funding levels, block obsolescence of World War II era facilities, and new or expanded Reserve component missions are factors which led to this marked increase in need.

The current FY88 through FY92 Military Construction, Naval Reserve program contains more than $366.8 million for construction of Navy and Marine Corps Reserve facilities. Replacement, modernization, or expansion of 129 reserve facilites will be realized if this program is supported in the budgetary cycle. The table below provides a synopsis of what is projected through the FYDP.

PROGRAMMED MILITARY CONSTRUCTION, NAVAL RESERVE FUNDING LEVELS

FY	($ Million)
88	73.7
89	56.9
90	68.8
91	79.8
92	87.6
Total	366.8

Our expanding role in the Total Force requires support in this vital area. Facilities have a direct impact on recruiting and retention of quality people in addition to supporting unit training and equipment maintenance requirements. Force structure and mission changes are often difficult to implement without appropriate facilities.

TRAINING AND READINESS

Success on the modern battlefield requires the integration of manpower and equipment through an effective and innovative training program. Exercises and other training programs, emphasizing Active/Reserve component integration, are designed to provide a highly trained Reserve manpower resource from which to draw Selected Marine Corps Reserve units or individual Marines in the event of mobilization. Programs aimed at professional development and military occupational specialty qualification are integral parts of the equation and imperative to successful warfighting. Underscoring our emphasis on Active/Reserve component training integration and unit performance within a Marine Air-Ground Task Force, the Reserve 2d Marine Amphibious Brigade will participate in an exercise under the operational control of the Commanding General, Fleet Marine Force, Atlantic during 1987. This will be the first exercise of this magnitude to be planned and executed under the control of an Active Force commander.

TRAINING FOR INDIVIDUALS

Training of individuals in the Individual Ready Reserve is accomplished through two programs. First, the Exercise Support Program provides small detachments and individuals the opportunity to participate in major exercises under the cognizance of Fleet Marine Force, Atlantic and Fleet Marine Force, Pacific.

For instance, during 1986, 15 reservists joined the 9th Marine Amphibious Brigade staff and participated in Exercise Yama Sakura conducted in Hokkaido, Japan, in conjunction with training for the Japanese Self-Defense Force. Also, 120 individual reservists participated in Exercise Team Spirit by deploying to Korea as part of III Marine Amphibious Force.

The second means of training the Individual Ready Reservist is through the Reserve Counterpart Training Program, which is designed to provide Reserve officers and enlisted Marines the opportunity to train with active duty counterparts. Technical skill enhancement and proficiency in occupational skills, external to an exercise support environment, are the benefits of this program.

The anticipated increase of the Individual Ready Reserve by the end of FY94 to more than 75,000 in response to the 8-year military service obligation presents a significant challenge to ensure MOS proficiency. To overcome this problem, the Reserve Counterpart Training Program will be increasingly used as a training vehicle. Funding has been earmarked to conduct skill refresher training commencing in FY88. We are implementing a pilot program in FY87 for expansion of Reserve Counterpart Training, and expect to increase the program substantially in FY88.

Another facet in our training program for reservists is attendance at professional schools. These schools are similar to those offered to the Active component, but tailored to the time available to reservists. They attend reserve courses at the Marine Corps Amphibious Warfare School, the Marine Corps Command and Staff College, the Landing Force Training Commands, the Naval

War College, and the U.S. Air Force Air War College. Candidates from the grades of warrant officer to colonel are selected by boards to ensure the most qualified individuals attend. The program has expanded to over 590 officers and 480 staff noncommissioned officers in FY87. Present levels of professional education will be maintained in FY88.

Unit Training

Exercise participation affords reservists the same opportunities as active duty Marines to develop and maintain skills in command and control, fire support coordination, amphibious planning, and fire and maneuver. An active cycle of training is maintained which includes combined arms exercises, cold weather and mountain warfare training, and amphibious assaults. As previously mentioned, unit participation in major exercises abroad and within the continental U.S. provided training to approximately 20,000 reservists during FY86. The projected exercises for FY87 are depicted in the next chart:

FY87

EXERCISE	DATES	LOCATION	MAJOR UNIT	# PERSONNEL
Joint/Combined*				
Cold Winter	2d Qtr	North Nato	2/24, HML-767 (Det)	650
Display Determination-86	Oct	Mediterranean	4th MAW Dets	50
Bold Guard	Oct	Germany	3/25, HMM-774, HML-767 HMH-722	1500
Team Spirit	2d Qtr	Korea	3d CAG (-) IRR (EX SPT)	145
Joint				
Solid Shield	Apr-May	East Coast	3d/4th ANGLICO (Dets) 3d/4th CAG, MAG-49 (Det)	80
Logistics Exercise 87	Jul	Virginia	4th FSSG (Det)	80
Wintex Cimex	Mar	CONUS	4th Division-Wing Team HQ	250
Power Sweep	Oct-Nov	CONUS	4th Division-Wing Team HQ	250

*VARIOUS AIR NAVAL GUNFIRE LIAISON COMPANIES (ANGLICO'S), CIVIL AFFAIRS GROUPS (CAG'S), AND RECONNAISSANCE UNITS WILL SEND DETACHMENTS TO DRAGON HAMMER (MED), COBRA GOLD (WESTPAC), VALIANT BLITZ (WESTPAC), AND BRIGHT STAR (EAST MED), TOTALING ABOUT 80 MARINES

SMCR/Integrated Major Exercises				
Solar Flare	Jul-Aug	North Carolina	2d MAB	5800
Alpine Warrior	Feb-Mar	Wisconsin	8th Tk Bn HML-767 (Det)	580
Pinnacle Control	May-Jun	Utah	MAG-48, CSSE **	1300
Combined Arms Exercise 7-87	Jun	California	MAG-46, CSSE	3530
Combined Arms Exercise 8-87	Jul	California	MAG-46, CSSE	3260
Marine Corps Combat Readiness Evaluation System 1-87	Aug	Minnesota	1/24, CSSE	750
Marine Corps Combat Readiness Evaluation System 2-87	Aug	Minnesota	3/24	750
Cold Weather Trng	Nov-Dec	California	1/25, CSSE	600
	Jan-Feb	Minnesota	4th FSSG (-)	650
Fire Exercise 87	Jul	Texas	14th Mar	1400
1st MAB Deployment	Jun	Hawaii	2/23, CSSE	2340

** CSSE - COMBAT SERVICE SUPPORT ELEMENT (CSSE) PROVIDED BY 4TH FORCE SERVICE SUPPORT GROUP

Training and Innovation

The Marine Corps Reserve continues to seek methods for applying emerging technologies in simulators and computer-aided instructional systems to enhance our training and combat readiness. The unique demands placed upon our Reserve units to maintain military skills in compressed time periods, distant from live-firing ranges, have led to the research and use of state-of-the-art devices and ranges. Given the constraints under which the geographically dispersed reservists must operate, automated learning systems provide an optimum level of cost-effective training. Congressional support has helped us make strides in acquiring these systems.

The use of devices and simulators for reserve training falls into four general categories: marksmanship/gunnery, combat environment, command and control, and maintenance training. The systems are used for both individuals and units. Some are employed for Reserve component use, and others are part of the Active component facilities used by the Reserve during drills or annual training duty.

Ranges and range devices under development or already fielded include the Multipurpose Range Complex, Small Arms Remote Targets, Remote Engagement Target System, Electronic Target System, and Training Range Analysis System. Marksmanship/gunnery devices and simulators include moving target simulators, the Precision Gunnery Training System, and the light armored vehicle gunnery trainer.

The Marine Corps will continue to exploit innovative training opportunities that provide quality training and skill qualification programs tailored to the Reserve's needs. We are pursuing portable systems and military occupational skill instructional vehicles to enhance on-site skill qualification training for reservists during weekend drills. Your support has been instrumental in our progress to date.

TRAINING EFFECTIVENESS

One feature of the exercise schedule is reserve unit participation in the Marine Corps Combat Readiness Evaluation System. Reserve units are tested to evaluate their readiness for combat operations with the same standards used to evaluate Active component units. Results are used by unit commanders to correct unit training deficiencies. A comparison of results from 1980 through 1986 provides insight into the readiness profiles of our Reserve community measured by this rigorous testing system.

MARINE CORPS COMBAT READINESS EVALUATION SYSTEM RESULTS

FY	UNITS EVALUATED	% REPORTING COMBAT READY
80	13	69
81	13	54
82	29	90
83	31	90
84	13	100
85	49	100
86	14*	100

* The decrease in units evaluated is the result of increased Active/Reserve component exercise integration and has required the 4th Marine Division to move from a 3- to 5-year Marine Corps Combat Readiness Evaluation System cycle.

In addition to tactical proficiency in their warfighting skills, the Reserve must successfully execute the mechanics of mobilization. This readiness factor is assessed during the conduct of mobilization exercises by the Joint Chiefs of Staff.

Selected Marine Corps Reserve units complement mobilization exercises with Mobilization Operational Readiness Deployment Tests.

These no-notice tests are designed to provide commanders an assessment of unit mobilization preparedness. As reflected in the table below, the Marine Corps Reserve continues to do well in this area. The slight reduction in recall readiness figures is the result of increased emphasis on exacting standards.

MOBILIZATION OPERATIONAL READINESS DEPLOYMENT TEST RESULTS

FY	UNITS TESTED	% READY
80	133	96
81	95	96
82	131	95
83	113	93
84	95	94
85	92	91
86	111	91

BUDGET

The FY88/FY89 Marine Corps Reserve budget request of $366.1/$387.3 million will support enhancement initiatives discussed above and a Selected Marine Corps Reserve end strength of 43,700/44,500 (42,344/43,040 average strength). This funding represents 4.0 percent/4.1 percent of the overall Marine Corps budget. Listed below is a comparison of FY87 and FY88/89 budgets.

FUNDING COMPARISON - FY87/FY88/FY89

RESERVE APPROPRIATION	FY87	FY88	FY89
Reserve Personnel, Marine Corps (RPMC)	$278.3M	$294.7M	$302.6M
Operation & Maintenance, Marine Corps Reserve (O&MMCR)	$ 64.2M	$ 71.4M	$ 85.2M
Total	$342.5M	$366.1M	$387.8M

The FY88/FY89 RPMC budget provides $182/$185 million for pay and allowances, retired pay accrual, subsistence, clothing, and operational travel for units and individuals during drills, annual training, and initial active duty for training. The other $113/$117 million is for special tour requirements, mobilization training, the Full-Time Support Program, Incentives Program, Platoon Leaders Course, and the Junior Reserve Officers Training Corps. The Reserve Personnel, Marine Corps increase of $16.4 million in FY88 over FY87 and $7.9 million in FY89 over FY88 is necessitated by a planned end strength increase of 900 in FY88 and 800 in FY89 within the Selected Marine Corps Reserve and Full-Time Support programs. This increase will support the structure enhancements previously discussed and a DOD-directed 1-day recall of the Individual Ready Reserve for annual screening.

The FY88/FY89 O&MMCR request of $71.4/85.2 million provides funds for the day-to-day costs of supporting our units. The training of Selected Marine Corps Reserve units is directly supported by $31.4/$44.6 million. Included are the costs of "expense items" of equipment, consumables, vehicle and airlift support, transportation of Marines and material, and unit maintenance of equipment. Depot-level maintenance of major end items of equipment is supported with $1.9/$2.0 million. The FY88/FY89 request also provides $38.1/38.6 million for the operation and maintenance of training facilities and administrative support of individual reservists, recruiting activities, and headquarters support.

Funding levels described for FY88/FY89 are vital to our continued development as a full contributor to the Total Force. The modest increase in funds for manpower, training, equipment, and facilities will make substantial improvements in our warfighting capabilities and is considered cost effective under our current fiscal conditions.

CONCLUSION

In the final analysis, the value of the Marine Corps Reserve lies in its preparedness. Your support would not be justified if the Marine Corps Reserve did not make a concrete contribution to our overall warfighting capability. All indicators show great progress has been made. There is truth to the axiom, "quality begets quality." Your Marines today are trained, equipped, and prepared to respond. They are capable and, with your continued support, will remain a sound investment in the future.

I believe we are on track with an affordable and executable program that maximizes the Reserve contribution to the Nation's defense. Dollar-for-dollar, the Marine Corps Reserve delivers. Your support in the past has reaped dividends that will continue to appreciate in value. As the Marine Corps Reserve grows in size and scope, adequate support in the form of equipment, training, and facilities must be provided.

I will conclude by offering some observations about the people that make up the Marine Corps Reserve. As I travel throughout the country, I am continually impressed by the level of commitment from your reservists. Most of them are young people, with families, and many travel some distance from their homes to participate in drill sessions or exercises. They make sacrifices to participate in the Reserve, and they continue to deliver when called upon. Their patriotism, professionalism, and sacrifice on behalf our Nation deserve your continued support.

PREPARED STATEMENT OF REAR ADM. ALAN D. BREED
Chief, Office of Readiness and Reserve
U.S. Coast Guard

Mr. Chairman, members of the subcommittee, I am very pleased to have the opportunity to appear before you representing the Coast Guard Reserve.

The Coast Guard is a multi-mission service that performs a wide variety of tasks relating to the protection of life and property at sea, enforcing the laws of the nation in the maritime environment, ensuring safety for those who use our nation's ports and waterways for commerce or pleasure, and helping maintain the strong national defense.

PEACETIME

In peacetime, many of the Coast Guard's missions have national security implications in their own right. The Coast Guard's efforts to ensure the safety of maritime transportation are essential to a strong national economy. Coast Guard aids-to-navigation are used for safe operation of the US armed forces around the world. The Port Safety and Security programs minimize potential losses of critical military or civilian cargoes as they are transported at the nation's port areas. The everyday presence of Coast Guard patrols in ports and harbors reduces the potential for disruption or destruction by terrorists or saboteurs. Similarly, the routine operations of cutters, small boats, and aircraft in the littoral approaches to the US coastline provide an umbrella of surveillance and interdiction capability. The operations of Coast Guard cutters and aircraft in maritime law enforcement, particularly in the reduction of drug traffic, have immense national security implications, both today and in the event of mobilization.

In the international arena, the Coast Guard's frequent contacts with other nations help establish and maintain communications and improved understanding. Training teams, which often include Reservists, work to help establish or improve the capability of foreign coast guards and/or navies in many of the developing nations of the world. Coast Guard forces and operating units always stand ready to participate in peacetime contingencies such as the Grenada operation and the Cuban exodus.

WARTIME

These peacetime missions of the Coast Guard have equally important ramifications in a wartime environment, particularly one in which more than 95 per cent of the logistics support for deployed combat forces must be delivered by sea. The ability to navigate safely through the littoral approaches to and from our coastline, and the ability of our ships to operate safely, free from accidents caused by unsafe equipment or untrained people, would be critical to our war effort.

The ability to protect our cargo operations from the hazards of unsafe handling of explosives or dangerous chemicals in the crisis of trying to speed deployment of troops, equipment, and their logistics support will give added importance to the safety of port operations. As the potential for threat to port operations from terrorists or saboteurs grows because of wartime conditions, port security becomes a major focus of the Coast Guard effort. The emphasis of the cutters and aircraft patrolling the coastal and offshore waters shifts from drug smugglers and illegal fishermen to potential enemy infiltrators.

MARITIME DEFENSE ZONE

Concern over the safety and security of the nation's littoral approaches and the ports and waterways in a wartime environment led to the formation of the Maritime Defense Zones (MDZ) in 1985. The MDZ was established in principle by a Memorandum of Agreement between the Secretary of Transportation and the Secretary of the Navy, creating Atlantic and Pacific Maritime Defense Zones. By agreement with the Chief of Naval Operations, Coast Guard Atlantic and Pacific Area commanders are designated zone commanders, responsible to fleet commanders-in-chief for preparing, planning, coordinating and conducting coastal defense of the United States. This includes port security, harbor defense, antisubmarine warfare, mine-countermeasures, search and rescue, aids to navigation, and surveillance and interdiction.

Mine warfare and submarine warfare can interrupt the movement of shipping through the coastal approaches. Acts of terrorism and sabotage are very real threats in our ports in wartime. The potential for terrorism is ever present, even in peacetime. Accidents and natural disasters are no less threats to the movement of maritime commerce or military shipping in wartime than they are today.

The commanders of the Maritime Defense Zones will meld together Active and Reserve Forces of the Coast Guard and the Navy in order to accomplish their missions. Commanders of MDZ's Atlantic and Pacific each have a joint Navy/Coast Guard staff in place that is responsible for all plans. The coastal defense mission takes advantage of the Coast Guard's resources,

knowledge, experience, and capabilities in operations in the coastal area and of the resources of Navy Active and Reserve units that are trained in the special naval warfare mission.

CG RESERVE ROLE

It is in the expansion of Coast Guard forces upon transition from a peacetime to a wartime setting that the Coast Guard Reserve plays a vital role. Approximately 80 per cent of the Coast Guard's Selected Reserve is organized and trained to provide an almost tenfold increase in port security forces with boat crews, shoreside port security teams, and associated command, control, and support elements. The remainder provides the augmentation personnel to bring cutters to their wartime complement, fill out command-and-control staffs, provide logistics and maintenance support for operational units, and provide personnel needed to begin the expansion of the training and logistics support base necessary for sustained wartime operations.

AUGMENTATION

The cornerstone of the Coast Guard Reserve's training program is called Augmentation Training. Augmentation Training is any Reserve activity that supports effective training for mobilization while meeting a stated need of an element of the regular Coast Guard. It is the essence of the "One Coast Guard concept."

Since the Coast Guard's missions are equally applicable in peace and war, much of our Reserve training is directed to supporting the Coast Guard programs (namely: search and rescue, merchant marine and boating safety, aids to navigation, icebreaking, port safety, and law enforcement) and thus supplements the regular Coast Guard during national emergencies or natural disasters.

This form of training has been doubly beneficial. First, it maximizes the use of realistic training opportunities presented by augmenting the Active Force in performing its day-to-day missions. At the same time, these activities are well suited for honing the basic skills Selected Reservists will need to successfully perform their mobilization assignments.

Comprising a nationwide organization of 257 reserve units in 56 Reserve Groups, under the 12 district commanders, the approximately 13,000 Coast Guard Selected Reservists have provided the Active Force with a relatively constant 1.6 million man-hours of Reserve duty annually for the past decade, spread across most of the Coast Guard's missions and support functions. Reservists work side-by-side with their active-duty counterparts or relieve them and fully assume their duty.

CGR ACTIVITIES

Fiscal year 1986 was a busy year for the Coast Guard Reserve Program. In addition to the recurring training for mobilization through inactive duty training (IDT) drills and annual active duty for training (ADT) we have been involved in some very significant activities.

Early in the year, reservists assigned to the NASA Shuttle Security Zone were among the first to react and respond during the Challenger disaster. Operation SEA LINK, at Annapolis, Maryland, provided reservists a key role in security for high level NATO meetings in June. This winter Reservists are providing security and explosive loading supervision for Military Sealift Command pre-positioned ships in Jacksonville, Florida. There was the highly successful and well publicized Liberty Weekend in New York harbor which involved over five hundred reservists. These are just a few of the manifestations of our augmentation training program where reservists either join or relieve their active duty counterparts in conducting day-to-day peacetime missions of the Coast Guard.

These types of special operations demonstrate a high level of readiness, and further illustrate the direct relationship between our augmentation mission and mobilization training. Harbor patrols and search and rescue missions enhance small boat handling skills; law enforcement missions provide enhanced weapons training, boarding, and inspection experience; and responses to fire and flood emergencies build the important mutual trust and confidence so necessary between Active and Reserve personnel.

This augmentation training has as a primary purpose the sharpening of skills needed by reservists in their mobilization assignments. Exercises have also been an important aspect of the Coast Guard Reserve's training. Almost 3,400 reservists, slightly more than 25% of our Selected Reserve, participated in Joint Chiefs of Staff, joint service and MDZ readiness exercises in FY1986. Two weeks of combat survival skills training was provided to 296 reservists with mobilization assignments outside of the continental United States by the Marine Corps at their Quantico Training Base, in September. The Coast Guard Selected Reserve is correctly identified as SEMPER PARATUS -- always ready, both in peacetime and in our preparation for mobilization. But, there is much that remains to be done.

SELECTED RESERVE SIZE

The current size of our Selected Reserve is about 12,800. Our plans for fiscal year 1987 are to maintain that level with perhaps some marginal growth. Continued growth is essential if we are to arrive at a strength level that will ensure our ability to meet quantified early response requirements upon mobilization. Like DoD, the Coast Guard uses its Reserve component to meet early response wartime requirements that cannot be met by the active force. The President's FY88 Budget requests a Selected Reserve strength of 13,500 for the Coast Guard Reserve.

RECRUITING

Reserve recruiting results for FY1986 were excellent. We achieved 72% of quota in non-prior service personnel, 151% in prior service personnel and 107% overall. Our February 1986 Reserve Media Blitz in four locations proved to be extremely successful in generating interest and recruits. We are currently offering the Reserve GI Bill as our sole recruiting incentive. As of November, 1986, 380 Reservists have requested benefits and over $265,000 has been paid out for the program. As an Armed Force of the United States the Coast Guard Reserve competes with the other Reserve Forces for its share of a dwindling manpower pool. Our FY87 reserve strength goal has been set at 13,000. Unlike some programs, recruiting cannot be turned on and off at will without a serious loss of momentum and a corresponding loss in efficient use of our budget dollar.

FULL-TIME SUPPORT

To support our recruiting and training efforts it is essential that we maintain adequate Reserve Full-Time Support capabilities. We currently are authorized 711 full-time personnel (599 military and 112 civilian) to support our Selected Reserve force (that's approximately one for every 19 reservists).

READINESS

There was an increased emphasis by the Coast Guard on contingency preparedness during FY1986. Among the more critical concerns will be Coast Guard service support to our forces assigned to the U.S. Maritime Defense Zones including equipment and logistic requirements within the MDZ command structure.

The FY1987 Coast Guard Authorization Bill assigned Maritime Defense Zone command responsibility to the Coast Guard. This codification of what had been a result of a Memorandum of Agreement between the Secretaries of Transportation and the Navy gave added emphasis to our effort to integrate Navy and and Coast Guard operations in the littoral environment for efficient enhancement of our coastal defense. We have integrated our active and reserve components in these commands and their subordinate forces to form single operating units upon mobilization. This is entirely in keeping with the Total Force Policy.

We are also revitalizing our emergency planning for contingencies short of general war. Low intensity conflicts are far more likely in today's global environment than any strategic nuclear exchange. JCS has directed preparation of a wide variety of plans for minor contingencies and regional conflict. Where Coast Guard specialized skills and expertise are appropriate to the accomplishment of national objectives, we have coordinated the incorporation of Coast Guard Forces in the deliberate planning process.

Our contingency planning also includes domestic operations which interface with the civilian sector. Such missions include military support to Civil Defense and military assistance to Civil Authorities. We also provide support for the Federal Emergency Management Agency's disaster preparedness planning, and Critical Mobilization Facilities Protection planning in conjunction with U.S. Readiness Command.

EQUIPMENT

Logistics support for mobilization is always a concern. The Coast Guard Reserve requires equipment to both "round out" its mobilization training effort and to support the reservist upon mobilization. Unlike units of other Armed Forces reserve components with mission-specific employment, the Coast Guard Reserve joins the active force and its equipment to continue to do a multiplicity of tasks. Many reserves will augment units by providing the second, third and fourth boat crew, waterfront surveillance team, inspection team, or similar task. In any contingency Coast Guard Reserve boat crews and shoreside patrols will be providing essential port safety and security functions, such as fuel transfer supervision and explosive ordnance loading supervision. These duties will be performed in critical U.S. ports and overseas theaters of operations. Specific equipment requirements for the Coast Guard Reserve have been submitted to DoD for use in conjunction with the DoD Force Readiness Report, Volume II (Material Readiness Report) Annex, National Guard and Reserve Equipment, as required by Title 10 United States Code, Section 115a (Public Law 97-87).

CLOSE

The Coast Guard Reserve has shown in countless instances that it can respond quickly, do the job well, and effectively complement the active service. The Coast Guard is committed to providing the highest possible caliber of training to the number of reservists required to meet our defense readiness responsibilities. Your continued support is essential to achieving this objective.

Thank you Mr. Chairman. I will be pleased to answer any questions the members of the subcommittee may have.

Senator GLENN. Thank you very much.

Mr. Shaw, would you comment on the statement made by Jim Webb, Assistant Secretary of Defense and former Chief of Staff of the Army, Gen. Edward C. Meyer, concerning the imbalance in the Army between Active and Reserve Forces.

To what extent has your office been consulted on the realignment of combat support and combat service support missions to the Guard and Reserve in the Army?

Mr. SHAW. With respect to proposals to make realignments, we normally learn about those after those kinds of decisions are made within the Army, although we are provided briefings later.

We are also provided an opportunity, before those proposals are taken to the Secretary of Defense, to speak with the Secretary and make our recommendations before the final decision is made.

The imbalance that Secretary Webb was talking about, is not so much an imbalance between Active and Reserve Forces in general; rather, it was the imbalance between our combat service support and combat support forces on the active side and on the Reserve component side.

The problem that he sees is that while we have our Active combat forces forward deployed in Europe, a large segment of our total deployable combat support and combat service support, approximately 79 percent in fiscal year 1987, is in the Army Reserve components.

When we look at equipment readiness and personnel readiness, and when we look at the lift that is available, we find that there are still some critical shortages in those areas. It causes us some concern. A lot of work has to be done.

You have two types of support forces in the Reserve components, whether they are combat or combat service support forces. You have augmenting forces. These are forces that are required just to be able to fight the Active Forces.

Then you have the expansion forces. After you augment the Active Forces so they can begin to fight, you have to expand the number of divisions in theater.

So lift capability, personnel shortages as well as MOS mismatches, and equipment shortfalls in combat service support units, which are so heavily located in the Reserve components, cause us concern. We have expressed that concern on a number of occasions.

Senator GLENN. Yes, it is one we have to work on. We want to work with you on that. We have understood from information we have received that manning of Army Guard and Reserve combat support and combat service support units in particular are a major problem.

I ask you or others to address this, but let me give an example. Information we had was that U.S. CENTCOM reports that Reserve components constitute 53 percent of its combat support.

In combat service support the picture is even worse. This may be true for the Army as a whole. Now, if we have shorfalls like that, they are war stoppers. They are shortfalls that we could not live with if we had to go into combat. Would any of you care to address that? Mr. Shaw or any of the rest of you there.

Mr. SHAW. I will begin, and I encourage the Chiefs to speak as well.

When you look at a figure you want to look at what causes that unreadiness. Whether it is personnel, or whether it is equipment, what kind of equipment and how much, and those kinds of things.

But you are quite right. If those forces are not ready, if we are not at least at the C–3 level, it is a war stopper. And that is something we have got to improve.

Senator GLENN. Who else? General Temple, Dean, Ward, who would like to address this?

General TEMPLE. Let me address this, if I may have the liberty of taking you back to the preceding question where you addressed the concern that Mr. Webb had mentioned as well as General Meyer.

Senator GLENN. What I was referring to, and maybe I did not state it very well, but I think that he was referring to the fact that we have about reached the far edge of where we can go with transferring responsibilities to the Guard and Reserve? That was the overall general question that they were addressing.

I think Shy Meyer, in particular, had indicated that he thought we had gone about as far as we could go in that area. It was a little more general I think than your answer a while ago.

General TEMPLE. Well, I am not certain that any of us here can precisely identify, have we gone over that line. But it is a matter of, from the Army's standpoint, do you believe in deterrence. And that has been our strategy in the United States for some time. If you believe in deterrence, you deter by combat elements. I mean, the enemy is not going to be deterred by combat service support units.

However, we all know that for the combat units to be effective, it is essential that they have a capable combat service support element. And we in the National Guard have been focusing on that for the past several years. Though the precise details are classified, I would like to present that to you, because as we lay it out for the Army, it is an astounding success, as a matter of fact, and even as we have the opportunity to go to Europe and lay it out, the progress we have made in moving equipment around among the force, and the fact that we made considerable progress in military occupational specially qualifications.

So I think it is not as bleak a picture as being painted for you, speaking principally about the Army National Guard. I would think that you would probably find that same thing in the Air Guard.

General CONAWAY. That is true.

Senator **Glenn**. What about Reserve? The figures I gave I think were on Reserve. If these are wrong, correct them, because I hope they are. But the figures were that, in CENTCOM, which was used as an example, that 53 percent of its combat support comes from Reserve. Is that correct, or is that wrong?

General **Ward**. Mr. Chairman, I do not have the specific numbers here but they sound not terribly incorrect. Now, not combat ready means C-4 or lower.

Without getting into the classified area on this, I think it is fair to say some of those shortages may be war stoppers, and some of them clearly are not war stoppers. The long pole in the tent that covers that lack of readiness, however, is equipment on hand. That is rapidly being fixed, not only because of the Dedicated Procurement Program that the Congress has been so farsighted in providing for the Reserve components, but also through the normal Army procurement program itself.

Total dollars to fix that equipment problem for the Army Reserves combat service, combat service support forces for the year are about $2 billion. That is the long pole in the tent. Strength is very good, in fact at the rate we are increasing this year, I suspect we shall soon be back to the Department of Defense asking for the Secretary's discretionary 2 percent increase, and otherwise we will be bumping up against the strength ceiling for the Army Reserve's troop program units.

Senator **Glenn**. My time is up. Can you supply for the record those figures? I would like to have the figures of what you estimate, what percent of combat support and combat service support units in the Guard and the Reserve are C-4 or below. Once you get above that we are in pretty good shape. But we should be able to get that in short order. Do you have any figures on that now?

General **Ward**. We can provide that for the record. We would also like to provide this next USR number, which will jump very substantially.

[The information follows:]

MANPOWER NEEDS FOR THE TOTAL FORCE

[Deleted.] A portion of this success can be attributed to the Equipment Readiness Analysis (ERA) program established in the Army Guard 2 years ago. This program allows the Guard to make maximum use of its equipment assets by shifting equipment between units. By using this program, the [deleted].

Senator **Glenn**. Thank you. Very good. That is great, and I am glad to hear it is going in that direction. But we try and deal with with what happens as it happens right now. How prepared are we to go? And we want to know the status of combat support, because we are dependent on it, as you are all well aware. I do not have to preach to the choir here.

Senator Symms.

AGR MANNING REQUIREMENTS

Senator **Symms**. Thank you, Mr. Chairman. Mr. Shaw, do you anticipate any, or will you be pushing for any change in the AGR manning requirements for the State Guard units?

Mr. **Shaw**. AGR requirements for the State?

Senator SYMMS. The Army Guard Reserve for these, where we have people that are State adjutant general.

Maybe General Temple wants to comment on that.

Mr. SHAW. Well, if we're talking about the National Guard, when you say "state guard units," rather than State defense forces.

Senator SYMMS. The State National Guard Units are concerned they have as many missions placed on them without some additional manning as they can do and still keep their level of training and readiness up. Are you pushing for more of those where you have more billets?

Mr. SHAW. Well, for AGR end strength increases for fiscal year 1988 we are asking for a 1,329 increase, and for fiscal year 1989 another 1,329.

Senator SYMMS. 13?

Mr. SHAW. Thirteen hundred and twenty-nine; that is correct.

General TEMPLE. May I reply? In the State of Idaho, something over 1,000 positions are filled by AGR and technicians. General Manning is very much concerned about the fact that as additional responsibilities fall upon the National Guard and the State of Idaho, that they have the adequate resources to man their units to do that.

Senator SYMMS. Right.

General TEMPLE. Now as you know, the Idaho National Guard has been aggressive in its training of armor forces at Gowan Field, and second in its deployment exercises, and to make those effective it requires full-time support not only for the planning but for the execution process. It is essential as more and more reliance comes to the National Guard that you have the full-time force to do that, and that is what Congress sent us out to do when they initiated the AGR program.

Mr. SHAW. There is no doubt that as we increase the missions and as we bring new equipment, more modern, different equipment into the Guard and Reserve, our requirements for full-time support people are going to increase. It is just a fact of life, and that is why we have come forward and the request for increases.

General CONAWAY. Senator, one of the things I might add, in Idaho, as you know, a major reconnaissance school house for the Air National Guard is at Boise and requires a certain degree of full-time personnel as Air Force has asked us to do more and more of our own training, and we are doing Air Defense training in Oregon, and reconnaissance training in Idaho, and fighter training in Kansas and Arizona. We have a lot of expertise in this.

So the 275 growth that the Air National Guard is requesting in the President's budget for AGR is needed for these full-time missions as well as the additional alert commitments we do around the world.

Senator SYMMS. Thank you.

Thank you, Mr. Chairman.

Senator GLENN. Thank you.

Let me move into another area, full-time manning because we do not have much time left. I know we have had a lot of discussion back and forth over full-time manning, and that has been a big concern. We were limiting full-time manning, and that has caused a great deal of discussion.

I would like to ask—and we have tried to curtail the growth of that, at least.

General Temple, General Ward, General Dean, do you really care whether there is full-time manning, or whether it comes from regular forces that are assigned back and forth to reserve units that you rotate people through that assignment? Does it really make any difference to you? That is the way we used to do it, and it seemed to me—I know in the Marine Corps, at least, we used to have good cross-pollination because when people went back and forth you had a better understanding of the Reserve problems, and the Reserves had a better understanding of what the Regulars were all about.

Maybe that cross-pollination is not needed today; I do not know. We are in a different time period, obviously, but it seemed to me that that was the way to go.

Does it make any difference where that full-time support comes from? What are the advantages of having the full-time manning the way it is now, as opposed to having to increase regular forces with the idea that some of those would be assigned, and you would have that cross-pollination back and forth? Who would like to take that question first?

General TEMPLE. Let me begin first. Yes, it does make a difference to us. We think it is important to the National Guard that those be National Guardsmen filling those positions, because we have never found any evidence that by rotating people through every 2 years that you enhance the combat capability of that organization.

As a matter of fact, all of the evidence is otherwise. The fact is the cohesion builds strong units. Now the cross-pollination goes on as a result of the nearly 1,000 active people in the National Guard that are serving in a variety of positions from advisors to readiness groups closely associated with the training of the Guard.

Now we in the Army National Guard, and essentially the same in the Air National Guard, cause that all of our full-time people must be trained at the active component training system. So again, they have cross-pollination. And when they come into the Guard, it is necessary and essential that they all be trained at active installations.

This year we will train over 50,000 guardsmen with active component units throughout the world—again, cross-pollination. As we become more and more involved in not only the keep-up program but our expanded schools' requirements, that is where the cross-pollination comes in.

But what we are trying to establish is the fact that cohesion is the difference between winning and losing on the battlefield, and we have a significant degree of empirical evidence to show that as soldiers are together and stay together and have confidence in the people who are leading them, that that will bring victory on the battlefield.

I think that comes from keeping National Guardsmen in their units. Even with that, we have about a 14 percent reassignment rate within the National Guard system. So we are not snowbirding our people into locations. Where opportunities come to reassign them, we do it. But we do not necessarily encourage that because we think that violates the basic tenants of bonding and cohesion.

General WARD. Mr. Chairman, the current mix that we have is really made up of four elements. There are active component people supporting the U.S. Army Reserve, about 1,000 of them. They are filling not so much adviser positions, as augmentation positions where the required MOS does not exist in the Reserve. As I said, there are about 1,000 of these AC soldiers, a relatively small number.

We have 12,407 AGR's authorized, a much smaller number than we had hoped for. Those are Army Reservists on full-time active duty. They are held to the same standards as their Active component counterparts, but they have wide experience in the Reserve environment, and are familiar with all the unique kinds of administrative and mobilization needs found in the Army Reserve. They have the kind of expertise that does not necessarily exist in the Active component.

We find the AC/RC cross-pollination works very well because the largest elements are reservists and relate to the Active component readiness groups, which simply did not exist 15 years ago, and which has become a major additional factor in the total Army. The other two full-time support elements are the military technicians, who are essentially drilling reservists providing unit continuity, and finally the Department of Army civilians.

We must remember that the AGR and the MILTECH Programs are the key parts of the Army Reserve Full-Time Support Program. We would like the opportunity to be able to manage that program based on the best, most effective mix of cost/benefit tradeoffs. We need mobilization ability, talent, vitality, ability to move people around in professional development patterns, from the AGRs, and some element of stability in terms of institutional memory from the MILTECHs.

The current system, given the opportunity to manage it and do tradeoffs, would be a very effective system.

General CONAWAY. Sir, if I might add on the Air National Guard, the cross-pollination with the Air Force takes place every day. We have 6,000 Air National Guard men and women in the State of Ohio, the second largest Air Guard State we have. They are all over the world on any given day intermixed with active Air Force personnel.

We today are pulling a 5-minute alert over in Europe on the eastern border while Air Force is converting. People are living on Air Force bases. We are pulling the A-7 rotation in Panama. So we are mixed well. We go to Red Flag, Blue Flag, Green Flag, and Maple Flag. We do everything together.

Last year one-third of the Air National Guard deployed overseas in some form of training with our allies and our Active Forces. So I think we have come to the point today where we are together all the time. Our unit cohesiveness is great. One of the things the Active Force appreciates is the great expertise and stability that we have with our hometown Air Force, whether it is Springfield, Rickenbacker, or wherever it is. They are there. They are on that ramp. They have been there for years.

About two-thirds of our force is prior service as well. So we bring a great experience level to the active service. They are asking us to do more training because we have more experience to train fighter pilots and reconnaissance pilots.

Senator GLENN. Did anyone else want to address that?

[No response.]

INDIVIDUAL READY RESERVE

I am going to have to end this very shortly here, but one other area I wanted to cover was the IRR, the Individual Ready Reserve muster.

Mr. Shaw, I understand on your manpower mobilization plans you assume that approximately 70 percent of the IRR strength will be available at a time of mobilization. First, is that correct?

Mr. SHAW. Well, I have seen that assumption, and I cannot agree with it. That may be someone's assumption, but I guarantee you that as many people as you ask regarding the availability rate, you will get a different answer each time.

Senator GLENN. What do you think? Do you think it should be higher than that? Higher, or lower?

Mr. SHAW. I think it will be lower than that. That is simply because we need to begin, which we are doing now, to manage the IRR program. This year, fiscal year 1987, we are going to be able to identify those people that we can locate, and those we cannot locate. Those that we cannot locate, we will go out and find them and then run the program.

Senator GLENN. General.

General WARD. Mr. Chairman, I have been following this very closely because the folks managing the program are responsible to me. The IRR is managed by a field operating agency of the Chief Army Reserve. I have visited a number of recruiting stations in the last couple of weeks. In all, I am going on 17 cities where we have the screening ongoing.

Here is the pattern: The program started late. It was not congressionally approved until the middle of the first month in which the screening was supposed to begin, and the President didn't sign it until a month later. So for the first month, October, the percentage coming in is just over 40 percent.

Every month thereafter, screening results have grown at roughly 2.5 percent per month. The current rate, I visited three stations during this past week. We are now getting, without any follow-up simply as a result of issuing the orders, a number of 50 percent or better. When we get on the telephone and follow up with the individual, we find that number goes up in excess of 70 percent, close to 80 percent, and in some stations 100 percent. That follow-up program has not been implemented very broadly yet.

We have an entire marketing plan involving telemarketing, follow-up letters, following the patterns of the Selective Service, and we find that most "nonlocatees" are not really nonlocatable. We have been recruiting people who go to college. When they go to college they do not usually live at home. We mail orders to them at their homes. And their mothers send them on to them at college. By the time the student gets his orders, he has already missed his screening month. These reservists call in and say, "when can I come in for my screening?" We find roughly 20–25 percent of those late for their screening are in college but do not live where their home of record is.

This screening will tell us exactly what portion of the IRR will be nondeployable. I suspect it will be a number considerably smaller than the 30 percent in the plan.

General SALESSES. Senator, if I may mention, in the Marine Corps Reserve we have been very impressed by the attitude and the willingness of these people in the IRR. The first month we had it, we had a turnout of 68.9 percent. The second month, our turnout was 79.3 percent. I think we are well underway to a very effective program.

Senator GLENN. Were these just test cases? Or were these Marine Corp wide?

General SALESSES. This was Marine Corps-wide. This was nationwide at all of our mobilization stations; 52 of them throughout the Nation. So it seems to me that this is going to give us the lead that we need so that we can continue not only the management, but particularly the training of the IRR.

Senator GLENN. Well, I will ask any of you—we did not fully fund the IRR muster last year. Do you need that to better determine what you can actually accomplish in case we would need you? Or can you pretty well determine this without that funding?

Mr. SHAW. We need the funding.

General WARD. I think the funding is very important.

Senator GLENN. How costly is it, do you know?

Mr. SHAW. We projected the program this year, fiscal 1987, would cost us $61 million. We think it is considerably lower than that, that it is probably right around $47 million.

Senator GLENN. What would that buy? Would that let you do a 1-day muster for this year? Or every 6 months? What would it do?

Mr. SHAW. It would allow us to do a 1-day muster every year.

Senator GLENN. Every year?

Mr. SHAW. Yes, sir.

Senator GLENN. And that would cost about $60 million for all the services together?

Mr. SHAW. No, sir. It would cost about $47 million, I believe.

Senator GLENN. $47 million. That would cover all services?

Mr. SHAW. Yes, sir.

Senator GLENN. We are going to have to end.

Gentlemen, I am sorry you were a little short on time this morning. We may want to have another hearing. Otherwise, if we do not do that, we would appreciate your responding to questions that we may want to submit to you, and would appreciate a prompt response.

We want to work together, as I said a minute ago when Mr. Cox was here, and our objective is one thing; that is, to have the most efficient military we can. The Guard and the Reserve are a very key component. This is not something like it used to be back in the old days where, well, you got around to mustering the Guard, and then you sent everybody to some sort of training, and then you sent the Reserve, and then when you went to combat you assigned a Reserve such as: in a pilot's condition, you put a Reserve to fly with a Regular, so the Regular could look out for him, and all that business. Those days are long since gone. They are behind us.

We are dependent on the Guard and Reserve now, and I think it is good that it is this way. I would not make any attempt to change it back. We want to work out these differences that we may have, and we look forward to working with you. We hate to waste the valuable time of a distinguished group like this, but we may have to schedule another day of hearings on some of these issues because we have not been able to address all of them.

We want to work together and work these things out. It is going to be an active year, and we look forward to working with you. Thank you.

Mr. SHAW. Thank you.

Senator GLENN. The hearing will stand in recess, subject to the call of the Chair.

[Whereupon, at 12:45 p.m., the subcommittee was adjourned, subject to the call of the Chair.]

DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEARS 1988 AND 1989

TUESDAY, MARCH 10, 1987

U.S. SENATE,
SUBCOMMITTEE ON MANPOWER AND PERSONNEL,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

MANPOWER NEEDS FOR THE TOTAL FORCE

The subcommittee met in open session, pursuant to notice, at 9:35 a.m., Senator John Glenn (chairman) presiding.

Present: Senators Glenn, Shelby, Warner, Wilson, Symms, and McCain.

Staff present: Patrick A. Tucker, minority counsel; David S. Lyles, Frederick F.Y. Pang, and Patricia L. Watson, professional staff members; Debra A. Rice, staff assistant.

Also present: Jeffrey B. Subko, assistant to Senator Exon; Phillip P. Upschulte, assistant to Senator Glenn; Richard Roberts and Jeffrey Hyche, assistants to Senator Shelby; Samuel J. Routson, assistant to Senator Symms; and Lorne Craner, assistant to Senator McCain.

OPENING STATEMENT OF SENATOR JOHN GLENN, CHAIRMAN

Senator GLENN. The subcommittee meets today to continue its review of the manpower and personnel portion of the defense authorization request for fiscal year 1988 and 1989. Last Tuesday we began our review by focusing on the manpower needs of the total force, and the first hearing started about 40 minutes late because of the need to discuss a very sensitive report that we had just received.

Because of that delay, I indicated that it would be appropriate for the Manpower and Personnel Subcommittee to meet again to address the questions we were not able to get to last Tuesday, and that is the purpose of this hearing.

I know that our witnesses put a great deal of time and effort into preparing for these hearings, and it is not fair for them not to be fully heard, and we just did not have time to do a good job on that last week.

Furthermore, there are a number of other important issues that we need to discuss, and I think that this subcommittee can make a much better judgment on the manpower programs for fiscal years

1988 and 1989 by receiving answers directly from the witnesses on those issues.

We will follow the same format we did last Tuesday. Our witnesses are the same, except for Dr. David J. Armor, the Principal Deputy Assistant Secretary of Defense for Force Management and Personnel, who is substituting for Mr. Fox on the first panel.

Dr. Armor, we welcome you, as well as the rest of our witnesses who were here last week.

Senator Wilson indicated he will be a few minutes late. He will be along shortly. He is ranking minority member of this subcommittee. We are also honored to have our full committee ranking minority member here.

Dr. Armor, do you have any brief opening remarks before we continue with the questioning we began at our last hearing?

STATEMENT OF DR. DAVID J. ARMOR, PRINCIPAL DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR FORCE MANAGEMENT AND PERSONNEL; ACCOMPANIED BY LT. GEN. ROBERT M. ELTON, USA, DEPUTY CHIEF OF STAFF FOR PERSONNEL; VICE ADM. DUDLEY L. CARLSON, USN, DEPUTY CHIEF OF NAVAL OPERATIONS, MANPOWER, PERSONNEL, AND TRAINING; LT. GEN. THOMAS J. HICKEY, USAF, DEPUTY CHIEF OF STAFF FOR PERSONNEL; AND LT. GEN. E.C. CHEATHAM, USMC, DEPUTY CHIEF OF STAFF FOR MANPOWER

Dr. Armor. Only to say that this is my first time before this committee and I am very pleased to be here and looking forward to answering your questions. And I do not have any further remarks other than that.

Senator Glenn. All right, fine. Thank you very much.

I would indicate one thing I did not indicate at the end of the hearing last week, and that was that we would perhaps have questions from other members of the committee who are not able to attend today because of other commitments. And we would hope that if we have questions that they want to have answered for the record, that any of you today who are witnesses, either this panel or the second panel, would respond to those questions in writing, so they can be included in our hearing record.

GROWTH IN ARMY OFFICER STRENGTH

To start off, General Elton, I believe you indicated last week that 90 percent of the growth in Army officer strength over the last 6 years has been in the combat elements. Is that correct?

General Elton. Sir, 90 percent of our growth had been combat arms, company grade officers, and warrant officers.

Senator Glenn. Well, it was my impression that you had said that 90 percent strength has been in combat elements. I believe that was what my question addressed last week, because I was concerned that we were not having a lot of officer growth in areas other than what would really make for a better combat effectiveness.

General Elton. Sir, that is correct, the primary part of that growth has been in the combat arms. 70 percent of it has been in combat arms and aviation, which are definitely combat arms, in medics, and in intelligence.

Senator GLENN. We had an Army briefing chart that summarizes the growth in Army officer strength, especially from fiscal year 1980 to fiscal year 1985. And if you assume on the chart that the aviation, armor, field artillery, and infantry specialties are the combat specialties, then the chart suggest that only 36 percent of the recent growth in Army officer strength has been in combat specialties.

How does that square with the 90 percent?

General ELTON. If we go through and add each one of those that are considered combat arms, that is where we arrived at, as I say, company grade officers, combat arms officers, and warrant officers. And that is where we got the 90 percent.

So we would have to go through with aviation, intelligence, armor, field artillery, infantry, special ops, engineers, and add those up in addition to the warrant officers, and that is where they got the 90 percent. Now 70 percent of the growth has been specifically in combat arms, aviation, medical, and intelligence.

Senator GLENN. I do not believe that squares with the figure we have on the chart. These are not our figures. This is a chart the Army——

General ELTON. These are our figures.

Senator GLENN. That is right.

Maybe we could clarify this for the record. Could you get us a clarification on this? I do not want to take a lot of time this morning belaboring which percent is correct.

But the point I was making obviously was that perhaps this was not a growth in combat potential as much as it is a growth in some other areas.

The chart shows a 7 percent growth in the number of infantry officers on the chart. Does this correspond directly with increases in infantry force structure during the period?

General ELTON. As far as I know it does, sir, infantry officer increases and changes based upon the new divisions.

Senator GLENN. Can you tell us how many new infantry units we are talking about?

General ELTON. I have to get the specific numbers and add them to give them to you for the record. But they are primarily in the light divisions, and then they are primarily in special operations, where infantry officers are—we have a great number of infantry officers in there.

Senator GLENN. Do you include medical and intelligence specialists as combat arms people?

General ELTON. Not medical, no, sir.

Senator GLENN. How about intelligence?

General ELTON. No, sir, that is separate also.

Senator GLENN. Can you tell us what portion of this growth went into TO&E, the tables of organization and equipment units, as opposed to headquarters and other support type elements?

General ELTON. I will have to get the exact breakdown of that for the record, but we do have it. Wait just a minute, sir. I do have it here, and I can enter this into the record, which shows that about

60 percent of the structure growth has been in the TO&E and 38 percent in the TDA.

AVIATION FORCE STRUCTURE

Senator GLENN. Well, how about the same things as they apply to the 15 percent increase in aviation? Does this increase correspond directly with the increases in aviation force structure during the period?

General ELTON. Yes, sir. Aviation, 15 percent based upon unit activations, unit conversions, the special operations force support, and the activation of the branch activated in that time period, the aviation branch at Fort Rucker. And that required some additional spaces.

Senator GLENN. How many new aviation units are we talking about? Do you have a list of those?

General ELTON. We move from 1980 to 1990, we go from 14 to 38 battalions are the figures I can recall, and I will have to double check those numbers as we go through here. So not all of them are in the structure as of yet. By 1987, we have 30. So we have gone from 14 attack battalions to 30 attack battalions, and they are in place by 1987.

Each one of those battalions has 65 officers and 199 soldiers. Most of those are warrants.

Senator GLENN. Going back to the infantry, you said 40 percent. Does that mean only 62 percent went into the structure and the rest went into support? Repeat those figures if you would, please, that you gave us on the infantry a moment ago.

General ELTON. No, sir, that is a breakdown of the spaces that went into the TO&E organizations and a break down into the TDA.

Senator GLENN. What were the figures you gave a moment ago, the two figures of 40 percent there?

General ELTON. Sixty-two percent of the growth went into the table of organization, the units, combat units. The others went into the TDA which supports that, the schools or in other aspects of growth.

Senator GLENN. Well, if we go by this chart here—and I know this is your chart; these are not our figures. I would repeat that again. But I think these figures if we add them up correctly, and I think we did, show that only 36 percent went into combat arms and the aviation, field artillery, armor, and infantry.

Do you disagree with that?

General ELTON. Well, sir, the figures I gave show—the figures I have, that our chief used, were that 88 percent of that growth was company grade officers and——

Senator GLENN. But where are the company grade officers assigned? I guess that is what I am getting to. It is one thing if they are assigned to headquarters and other places and specialty units of one kind or another.

But what we are talking about is improving combat readiness for our forces.

General ELTON. Well, sir, as you know——

Senator GLENN. What we have been concerned with is the growth of all the officer corps strength, which we could call, for lack of a better term, brass creep. We are increasing officers at a tremendous rate that is not proportional to the people that are actually going to be out there doing combat.

And that is what we have been concerned about. The reason I am pushing you a little on this this morning is because the Army, as you recall, had the greatest amount of brass creep. We had an increase of one-half percent in overall end strength and 11 point whatever it was increase in officer strength. And that is what we are trying to get at.

General ELTON. Yes, sir. And the reason, of course, for the growth in the ratio is because we kept the end strength constant, and so we took some of that growth from our enlisted force.

But the problem as we saw it was one of increasing the leader to led ratio as we move into the doctrine, and the doctrine told us that it is better to have four maneuver elements in a mechanized infantry battalion with additional capability or four tank companies in a battalion with additional capability, four tanks in a platoon instead of five, and that sort of thing, all causing an additional officer.

So a great deal of that growth in those areas are to add the officers into those units.

Senator GLENN. Well, it is, but our figures would show that that is not where the greatest growth has occurred. That is the point I am making. You indicated last week it was about 90 percent that went into that, the restructuring and breaking down into maneuver units and so on, and the increase in officer ratio, leader to led, was the reason for the increase, and that about 90 percent of the increase was due to that.

Now, our figures would show it is only about 36 percent.

General ELTON. That is when you use all the different aspects of combat arms there.

Senator GLENN. Yes, right. And this is your chart. I think everything is on there.

General ELTON. As I said, sir, the 90 percent figure was a figure which meant company grade officers and warrant officers. And that was the 90 percent.

Senator GLENN. Yes, but the point is are they all assigned to combat units, as you indicated last week in that growth, or are we siphoning a lot of people off for headquarters functions and other things? That is the point.

General ELTON. You are absolutely right, they are not all assigned to combat units. But the total growth, total growth was as I mentioned.

Senator GLENN. I thought from your testimony last week that we only had 10 percent that were being siphoned off for other functions. Now it indicates that we have 64 percent being siphoned off for other functions, as I would read the chart.

General ELTON. Then that was my error to have made, apparently not emphasizing that it was company grade officer growth, and warrant officer growth.

Senator GLENN. But company grade assigned where?

General ELTON. I do not think we got into where they were assigned. I just said they were company grade, combat arms, and warrant officers, and that shows where they are assigned.

Now, 70 percent of those, 70 percent of that growth, is in combat arms, aviation, medical, and intelligence. But that I did not mention last week because we did not get into that. But the 90 percent figure was a company grade and warrant officer growth.

Senator GLENN. OK. I do not quarrel with the company grade growth. That is fine, company grade growth which comes down at the lower end of the scale.

But I do question where they are assigned and whether we are once again getting top-heavy in staff assigned to join whatever it is that we seem to see increasing all the time. Which is responsible for quite a bit of our increased growth, and that is what we are trying to cut back on.

General ELTON. And I would agree with you 100 percent that the growth should be where the rubber meets the road. But the growth is in company grade officers, and very, very few company grade officers serve on the staffs.

Senator GLENN. That is something I want more information on, because if that is true then maybe this 36 percent figure is not correct. Maybe we up that a little bit. But your testimony last week was that 90 percent go into combat, company grade or whatever it is, and that is where they are assigned.

And these figures will show that is not the case, we have got a lot of company grade and other folks going off to other places.

General ELTON. We will get back to you and show precisely what that figure reflects.

Senator GLENN. My 10 minutes are up. Senator Symms, are you ready to go?

Senator SYMMS. Mr. Chairman, I will leave my time for you and the other Senators to ask questions. I have got a highway conference coming up here in about 10 minutes that I am going to be required to attend. I apologize that I cannot stay.

Thank you.

Senator GLENN. Senator Shelby.

Senator SHELBY. Thank you, Mr. Chairman.

ALL VOLUNTEER ARMED FORCES

Secretary Armor, in hearings over the past 6 weeks or more we have heard a great deal of testimony concerning the status of our All Volunteer Armed Forces. It has been reported that the quality of the recruits now is very high, that the incentive system for recruitment is working well, and that the program for an All Volunteer Force has been a success.

We have heard that testimony here. However, there has also been a lot of discussion over statistics that point to a substantial drop in the manpower pool as we proceed into the mid-nineties and maybe to the turn of the century. A return to some type of conscription has been bandied about as a possible method by which we could alleviate the problem.

Do you have any comments on that?

Dr. ARMOR. Yes, I do. You are correct that we have had outstanding success in recruiting, although it got off to a shaky start back in the seventies, due primarily to declining recruiting resources.

Once we had the pay raises of 1981 and 1982 that brought us back to comparability with the civilian sector and put some more resources in recruiting, there was a complete turn-around and of course the volunteer forces reached all-time highs in percent high school grads, and our discipline rates are the lowest ever.

All in all, it is an incredible success story, attributable to the volunteer approach with adequate resources.

Now, the statistic about the declining youth cohort, that is true. The youth cohort that we recruit from began declining in about 1979, and it has been declining steadily and it will continue to decline until about the mid-nineties, and then it will turn around again, because we had a mini-baby boom back in the seventies.

I think it is important to note that we are not diminishing the importance of that problem, but that in fact that youth cohort has been declining for 6 years, and that is the very 6 years we have had the most outstanding success.

So obviously, the decline in the youth cohort itself is not the sole determining factor. It is the kind of resources that we put into recruiting, which is an increase in those resources, but it is a very small percentage of the total defense budget; and as well, a real turn-around in the country as a whole in terms of the propensity for youth to have more patriotic attitudes.

Our surveys showed during this time more and more youth were looking at the armed services as a career.

So when discussing a return to the draft our position is that—some have said that we have to do that because of the declining youth cohort, but our studies that we have done so far—and we have a major study still under way that we will have results from in a couple of months—tell us that a return to the draft would actually be costly.

That is, even if we assume some significant lowering of pay scales for draftees, that it could run as high as $2.5 billion additional cost. And of course, the primary reason——

Senator SHELBY. Is that just to put it in place?

Dr. ARMOR. It is in steady state largely from the additional training costs, because the draft force would take a lot more accessions than we have at the present time, and shorter terms, higher attrition, because instead of having an average 3 and 4 year enlistment you are going to have 2 year enlistments, which means you have to train twice the number of persons, at about $30,000 a crack.

So when we plot those factors into our models and if we try to maintain the same quality force that we have today, they all show that a draft would actually cost us more money and not less.

DRUGS

Senator SHELBY. Let us talk about drugs. We are talking about personnel. What is your basic approach to the eradication of drugs? And I think overall you have done a pretty good job.

Dr. ARMOR. It really is a remarkable record. I think there is no question that it is partly attributable to the better quality recruit that we have. And also, we did begin a program of random testing.

When this program began in the early eighties, we had an overall rate of about 30 percent of our service members who had some drug use in the 30 days prior to the survey. That has now dropped below 10 percent. It is about 9 or 8 percent.

Senator **Shelby**. Is the random testing at every base now, do you know?

Dr. **Armor**. It is done throughout the services on a random basis, different units, different bases. But it is very pervasive. I think 2 or 3 million tests a year are conducted.

Senator **Shelby**. And you believe it is working, do you not?

Dr. **Armor**. Absolutely. The biggest drop in drug abuse anywhere we know of in this society.

Senator **Shelby**. But before you do the testing, I would guess a lot of it is education and warning not to do it, is it not?

Dr. **Armor**. Absolutely. It is the mere fact that there is that kind of program and those kinds of policies that, I think, lead our members not to engage in experiments.

WOMEN IN THE ARMED SERVICES

Senator **Shelby**. Mr. Secretary, as the manpower or the people pool goes down, have you considered the utilization of women in the armed services more and more, and to what extent?

Dr. **Armor**. Well, if you look at the figures, in fact, when the All Volunteer Force came into being about 2.5 percent of our members were women. And now that has increased to about 10 percent DOD-wide. So it is a substantial increase in women.

I think that is a natural result of the volunteer service that we do, and our policies encourage the recruitment of women into noncombat specialties. And that growth that we have seen in the volunteer service we think will continue to some extent.

But——

Senator **Shelby**. In the noncombat positions, of course?

Dr. **Armor**. Our policy is a combat exclusion for women.

Senator **Shelby**. What about combat support?

Dr. **Armor**. Combat support, the policy the services have implemented for the most part, those kinds of positions are so integrally involved in combat that the difference between——

Senator **Shelby**. It would be hard to distinguish?

Dr. **Armor**. Very hard to distinguish. If there is a reason to exclude from combat, then there is a strong reason to exclude from combat support.

Senator **Shelby**. There is some legislation to bring that about, I believe introduced by Senator Cohen and Senator Proxmire.

Dr. **Armor**. Yes, we are familiar with that.

Senator **Shelby**. You are aware of it.

Mr. Chairman, I have just one last question.

GERMAN MARK VERSUS DOLLAR

You all know first-hand the problem of the dollar in Germany versus the mark. What are you doing, if anything, to help the soldiers over there live in view of the weakening of the dollar?

Dr. **Armor**. I am glad you asked that. In fact, Mr. Weinberger appointed a senior group to look into this a few weeks ago. It really has been a severe drop in the dollar.

A number of our troops in Europe have been most severely impacted. It turned out in our investigation that we were using a table of income to implement the COLA that was about 15 years out of date, and that Mr. Weinberger approved updating that table so that we are now computing cost of living changes based upon early 1980s data here in the States.

So that is going to result in an increase, average increase, of about 15 percent in the COLA for our overseas troops, and I think that is a really great benefit to them.

Senator SHELBY. That is all I have.

Senator GLENN. Thank you.

Just to follow up on that very briefly, the economics of going to a draft or getting away from the all-volunteer concept, I think you are correct. I do not know that I would not dismiss the possibility that we might have to go back to that some day.

We may have hearings on this issue before this committee later in the year to look into this. Not with the idea that we are going to propose legislation specifically, but there are a lot of reasons for it, not the least of which is, is it fair that we are attracting into our services those of the least advantaged economic status in our country?

There is only one reason why we have any of you people in uniform, where I was at one time, too, for a good part of my life, and that is you may have to go to war and fight and die. And is it right that we ask the lower socioeconomic strata of our society to be the ones to accept most of the risk?

And I would submit also that one reason the all-volunteer concept has worked so well is that we have had a fairly high unemployment rate throughout all of this. We never thought a few years ago that we would accept a 7 or 8 percent unemployment rate as a norm in this country. When I first got here just 12 years ago, we thought it was horrible that we were considering about 4 to 4½ percent.

Now we are up to 8.2 in Ohio and nobody gets all that excited about it. So it is no wonder you are having a pretty easy time.

So I would not just dismiss the problem as saying we have had additional recruitment resources and we have done such a great job recruiting. I think we have also had a lousy economic status for many people in the country, a higher unemployment rate, that has given us an impetus for people to get into the services who would not have otherwise been there.

So recruiters have had a heck of a big push to help them along, in addition to all the advertising.

Dr. ARMOR. Could I comment on the economic factor?

Senator GLENN. Sure.

Dr. ARMOR. I think your statement is absolutely correct concerning the early volunteer force. In the late seventies, there were a high proportion of those from the lower economic groups. But again, all the studies that we have done and the data on the eighties force is that we are above the national average on things like education, on aptitude test scores. And in fact, if we compare economic categories we are right on. That is, we have the most representative force socioeconomically than we have had in a long time.

And that is, again, because we did turn around the very poor recruiting records that we had in the late seventies. So it could change, but right now we do have a force that is, if anything, a little bit above the average in terms of the caliber of the person.

Senator **Glenn**. But I would submit, too, in return—and I do not want to get into a big debate on this; I just want to make a comment. That when you have a larger unemployed force you are going to have a higher percentage of kids that are high school graduates. So it is easier to get high school graduates because they cannot get jobs other places.

And we never thought a few years ago that we would just accept 7.2 or 7.5 percent as the average unemployment figure for the whole United States of America. And that has helped out tremendously.

Now, whether that will continue into the future or not, I do not know.

Just one other comment, too, regarding drugs, and we are all concerned about that. I am also concerned about the legal as well as the illegal drugs. All of the focus these days is on the illegal drugs, and yet some 80 percent—I think the estimates are that 80 to 85 percent of our drug problem is still alcohol.

Now, how are you approaching that? I do not know that we have any big programs. We are all conducting tests and we want to see that the hard drugs are cut out, and I understand that completely. But more lives, by far, are still being wrecked by alcohol than are by the hard drugs.

Dr. **Armor**. I think the only reason you do not hear as much about it is because the services began attacking that problem long ago, long before the drug problems became so prominent. And we have in place education and rehabilitation programs.

Senator **Glenn**. Do you have any figures or can you tell us how those programs are going or what you are doing in that area of the legal drugs, the alcohol problem?

Dr. **Armor**. The alcohol rates, along with the drug rates, are also down. That is, problem drinking rates, according to the latest surveys that we have done, are also down substantially. And in fact, the rate of alcohol problems in the services is slightly lower than what it is in American society as a whole, which I think is a tribute to the kind of program the services have on alcohol prevention.

Senator **Glenn**. Anyone else want to comment on your individual services in that area, either on drugs or on alcohol programs, what you are doing and what the effects have been?

Admiral **Carlson**. Yes, sir. We have a good, aggressive program to offer alternatives to alcohol, and we advertise them very much in our clubs. We have social events in which alcohol is not a part, because for so many years that seemed to be the recreation, if you will, of choice and there was some macho business going on.

We are trying to do away with all that and to provide alternatives more healthy sort of activities, such as sports, et cetera. We are very sensitive to the man-hours lost and the wrecked lives, as you mentioned, in terms of alcohol abuse, and we have an aggressive program.

We also are quite pleased with the results we have seen through our drug testing and education program. There are two areas in which we are actively engaged and I think making significant progress.

Senator GLENN. Would anyone else care to comment?

General HICKEY. If I might also, for the Air Force, we started in a formalized alcohol deglamorization program some 10 years ago, 1976-77. And while there was some hoopla surrounding that, in fact we think that we have in fact changed the structure of the social life within the Air Force, much as Admiral Carlson was talking about in the Navy.

You will find now in most officers clubs and enlisted clubs that there is a much lower consumption of alcohol per capita. It may be part of the economic problems that we have had in maintaining clubs that were viable, in that our club management did not react to that sociological change or societal change as fast as our people have.

But incidence of alcohol abuse, as well as drug abuse, are down significantly in the Air Force in all the measurable ways that you can, DWI's, all those kinds of things.

Senator GLENN. We run in fads in this country and the fad—as you know, has been the spread of the hard drug problem and the administration gets behind it. We voted a $1.7 billion drug program last year. Then the new budget cut out $913 million.

That shows how serious we are about this whole issue. I hate to be cynical about it, but those are the figures that we get.

And still, that is approaching only about 15 percent of the problem. And 85 percent of the problem is alcohol. So I hope that in your personnel programs you are stressing that.

If you need any help from this committee, or if we can put any impetus behind it or get some money earmarked or pigeonholed to address that—because that is where far more lives are being destroyed than are being destroyed by the hard drugs.

Much as we want to cut drug abuse out, too, let us not lose sight of the biggest problem which is wrecking more lives than anything else while we are at it. So if you need any help in that area, why, let me know.

AIR FORCE OFFICER STRENGTH

I have almost used up my whole 10 minutes. I have one other question. General Hickey, you commented last week that a portion of the Air Force's increase of nearly 11,000 in officer strength from 1980 to 1985 was in pilots. I believe the figure you gave was about 600; was that correct?

General HICKEY. 697, yes, sir, that was from 1982 to 1987.

Senator GLENN. Did the increase in pilots result from more aircraft entering the inventory, creating a need to man those aircraft?

General HICKEY. I do not know that. I will have to find that answer for the record, sir. I do not have that accurate account in my hip pocket of how many aircraft we have on board.

[The information follows:]

The growth in pilot requirements from fiscal year 1982 to fiscal year 1987 was due in part to a 117 Primary Aircraft Authorized (PAA) increase during that time (excluding T-37 and T-38 training aircraft). Other factors also contributed to the increase. Replacement of older aircraft with newer models using higher crew ratios for increased sortie capability also played a role. For example, F-4 and KC-135 aircraft use crew ratios of 1.25 and 1.27, respectively, compared to a 1.34 crew ratio for the F-16 and 1.80 for the KC-10. Finally, modernization of active, Air Force Reserve, and Air National Guard forces has required increased conversion training resulting in a growth in pilot training requirements.

Senator GLENN. The Air Force is dropping two wings from its force structure. Would there not be a corresponding reduction in the requirement for pilots?

General HICKEY. Yes, sir, there was. And as a matter of fact, that 697 is a lower number of pilot increases than we reported to you last year. Last year the number of pilots that we had reported was in a different timeframe from 1980 to 1985, but it was some 900 and something.

And this number reflects that programmatic change of the reduction in pilots, for those that are going down, and then also for other places where we are in fact building the requirement for crew forces.

Senator GLENN. OK. My time has expired.

Senator Shelby.

Senator SHELBY. I have no more questions, Mr. Chairman.

Senator GLENN. All right. Thank you.

General, to continue on that line it seems that with the reductions in your overall end strength of about 8,000 in fiscal year 1988, that the 1,500 cut in officer strength that DOD apportioned to the Air Force in fiscal year 1987 appeared to be appropriate.

Do you agree with that?

General HICKEY. No, sir, I do not. I must say that it is true that we are taking some 8,150 cut. The fact of the matter is about some 375 of those are officers and 7,775 are enlisted.

I realized it is not very politic in this environment, where we are in fact reducing the force and the proportion of enlisted is higher than officers, but the fact of the matter is that is the way the programmatic reduction worked out. Those are what our manpower requirements methodology gave us.

The point is, of a 375 officer reduction that we have programmed and that we are faced with, a 2 percent reduction from our 1988 end strength, and those numbers are something more like 2,679. So the 375 do not bother me. It is the other 2,300 that are difficult to handle, sir.

NO REDUCTION IN NAVY STRENGTH

Senator GLENN. Admiral Carlson, the Navy was not reduced by DOD in the fiscal year 1987 portion of the reduction below its fiscal year 1986 officer strength level, like the other services. Nonetheless, I would expect that some of the remaining reductions required in fiscal years 1988 and 1989 would affect the Navy.

Would you give us your views on what reductions you might see as possible?

Admiral CARLSON. Yes, sir. While the record will show that the 1986 base remains zero, the fact is that the 1,576 growth we had programmed for 1987 was zeroed as well. So when we stand in 1987 looking back to 1986, we have 1,576 fewer officers than we would have had had our growth been permitted.

So our share of the reduction from the 1 percent mandated officer end strength reduction was 2.14 percent. That is the hit we took.

Senator **Glenn**. Well, has this affected combat readiness? That is what I keep equating back to.

Admiral **Carlson**. Yes, sir, it does, because we are adding ships. We are at 569 ships, and the officers that we need to man those ships are integral to those numbers. It does have an impact.

Our ratio of officers to enlisted end strength in 1980 was one to seven, and at the end of 1989 it will remain one to seven. There have been some burbles as we have tried to get the end strength we have needed over the past few years, and from time to time it would appear we are getting officer rich. But we are not. We are retaining that same lean and mean, ready force.

MARINE CORPS OFFICERS

Senator **Glenn**. General Cheatham, the Marine Corps has the lowest proportion of officers in its active duty force of any of the military services, and there are some reasons for that we are familiar with—the Navy association and supply and so on that requires less of a tail, perhaps, for the Marine Corps than for some of the other services. And so the Marine Corps has had a lower proportion.

But what will be the effect of the Marine Corps' portion of the fiscal year 1987 reductions on combat effectiveness? Do you have any estimates of that? Or will it affect combat effectiveness?

General **Cheatham**. No, sir, it will not. But I have got to add something. I recommended to the Commandant, over the objections of some of my contemporaries, that we take everything out of the non-FMF.

Senator **Glenn**. You mean no increases in officer strength outside FMF?

General **Cheatham**. No, sir. We took our reduction of 308 officers out of the non-FMF. This was a deliberate step, because we just felt we could not afford to lose them any place else.

Now, we are down to what you might call the bone in base operating support. Any other reductions, Senator Glenn, are going to come from the FMF. A 2 percent and a 3 percent cut mean a reduction in the Fleet Marine Force. There is no way we can get around it.

Senator **Glenn**. How much of that would be headquarters staffing and so on? How much would be actual combat leader to led ratio?

General **Cheatham**. The first place we are going to look if we go on into the 2 percent and the 3 percent reductions is the headquarters. We feel within the Marine Corps that that is the first place you have got to look. The last place we are going to go is into the squadrons and into the battalions. But it is going to come out of the Fleet Marine Force.

OFFICER REDUCTION ISSUE

Senator **Glenn**. Dr. Armor, I understand you have been personally involved in the officer reduction issue at DOD level, looking across the whole spectrum of things. Would you please comment on what your office is doing to address the reductions that are required in fiscal years 1988 and 1989?

We had wanted a report on how that was going to be done, but that report is late and we had testimony on that last week. How do you see this working out?

Dr. ARMOR. Well, we have a study group and we have issued guidelines for the kind of information we want. Obviously, as we can tell from this discussion, it is important that the officer growth be justified by requirements. I should say, not only combat requirements. There are some technical requirement areas where legitimate growth can occur.

We have set up the guidelines. We expect to be able to have some draft report ready by the end of March to inform you of the officer growth that is requirement based. And our position is we will defend the officer growth that is requirement based.

Senator GLENN. OK.

Dr. ARMOR. We just do not know how much that is right now.

Senator GLENN. That report, which we will receive the end of March, will cover what, 1988 and 1989 or just 1988?

Dr. ARMOR. Yes, yes, it will. It will cover how much of the officer growth that was targeted in the reduction, that is the 1980 to 1986 growth, is requirements based, and what the impact of the proposed 2 and 3 percent reductions would be on those officer requirements in 1988 and 1989, respectively.

So it does both.

Senator GLENN. OK. Have the individual services provided you with sufficient data and analysis for you to make these judgments to validate what is going on?

Dr. ARMOR. No, sir, not at the present time. We are still struggling with the numbers.

Senator GLENN. What is the problem?

Dr. ARMOR. The problem is developing an audit trail between the kinds of changes that were discussed earlier and the number of officers that that leads to. And we have some minuses and pluses, like we see here. But you cannot look at numbers like that and do a requirements analysis. You do not know how the requirements have changed in any of those categories.

So there is a problem—the services all have a requirements determination process—and it is an audit trail problem. How do you go from a requirements change and explain how doctrinal change or force structure change leads to more officers? That is basically what we are asking for, but we just have not gotten it yet.

Senator GLENN. Well, OK. Is it that the people are stonewalling you in your efforts to get this information?

Dr. ARMOR. No. I think it is a complicated task. You know, we are getting into a micro level of requirements that the services frequently are not used to. To come up with this kind of information is as hard for them as it is for us.

But, I am convinced that we can come up with it. Now, we are going to use our data files at DMDC to try to get some handle on this in the aggregate, and we have set them into motion, too. So hopefully we can help the services by accessing our own personnel files that DOD keeps at the Defense Manpower Data Center.

Senator GLENN. OK. But we want to keep the pressure on in this area. The last thing I want to do is cut any combat effectiveness. And if we have a reorganization, as General Elton mentioned, then we want to accommodate that if it is justified.

But the brass creep that we have seen over the past 10 years or so did not appear to be related directly to combat effectiveness, and that is the reason we got on this thing last year and pushed as we did. And so I would encourage you to really keep on this so that we get the best information we can get.

We are looking at you for our information on this, but we do have to have justification. We cannot wind up with the military top-heavy with officers, unless it is absolutely fully justified for specified combat effectiveness.

That is what we keep coming back to, relating to the bottom line. And as things may change in our organizational table, we must justify this increase. Not accept the brass creep that we have seen so far.

Dr. Armor, I will ask you, first and then get everyone's comment: Do the services need any legislative authority to help make reductions or to help in this area of personnel management? Is there anything any of you could suggest that we could do to be of help with new legislative activity?

Dr. ARMOR. I will let the other services speak for their own service, but there is no question that in order to implement any further reductions, if they occur, they are going to need some relief from DOPMA and some other DOD policies to be able to, let us say, not be forced to impact on one group more than another. In this way they can do some uniform, across the board reductions.

Senator GLENN. General Hickey, do you have any comment on that?

General HICKEY. I think that the Air Force would be able to take the reductions within the provisions of the law that we have. It would be a disproportionate impact on certain groups of people, those that retire in extraordinarily high numbers, and then the reservists that we remove would be a very high percentage.

But those are the traditional areas and targets that we would go after, and we could accommodate the change in the numbers within the current law.

Senator GLENN. General Elton.

General ELTON. Mr. Chairman, the Army would definitely have to take some pejorative actions against the other than regular Army officers if we did not get some DOPMA relief. As an example, a notional 6 percent cut in the Army, basically just using notional figures, about 6,600 officers, we anticipate that about 5,500 of that total have to come out of the company grade, because right now the only—we only have the ability to release other than regular Army officers, and those are the very individuals, of course, that we wanted to preclude from releasing because they fill the foundation, the combat base of either the combat arms units, the combat support, or the combat services support elements of the Army.

The other areas in our field grade officers, there are a few reservists there, about 3,800 reservists in our field grade. Half of those are medics, and we spend a great deal of time trying to grow medics. They are assessed laterally, as you know, and we have been working to get at that. We would hate to have to reduce that grouping.

And then of course, we are absolutely concerned about the requirement for selective early retirement, which would be a requirement to ease out the combat experience not only of the Army, I am sure, but the other services as well. And so those are the areas that we desperately need to look at.

They are the only outs we have, and I think that—I believe OSD is going to come to you with a request to ease that constraint.

Admiral **Carlson**. We have a requirement for some assistance in selective early retirements as well, in the upper end, to achieve any officer end, to achieve any officer end strength reductions.

General **Cheatham**. And we are working a paper right now, Senator Glenn, to try to get a redistribution. We have a maldistribution between our captains and our majors, and what we are trying to do is to increase the number of majors and reduce the number of captains. Right now we are falling behind the other services in promotion by time in service. This would increase our promotion flow.

Senator **Glenn**. I would hope any reductions would take into account the readiness priorities. That is one of our major concerns. That should be the bottom line on this.

TRANSFER OF COMBAT SUPPORT TO RESERVES

Dr. Armor, let me get to a different area here. In recent public statements, former Assistant Secretary for Reserve Affairs Jim Webb and former Chief of Staff in the Army General Edward Meyer have warned that the Army's transfer of a large portion of its combat support and combat service support missions to the Guard and Reserve forces could lead to a critical shortage of support forces if war broke out.

Mr. Webb went on further to say that: "There is a real danger right now that combat forces overseas might not survive long enough for support forces to get there." That is pretty serious.

What is your assessment of the situation? Is it as bleak as both of these people make it out to be?

Dr. **Armor**. Well, sir, I must say that it is an issue that I have personally spent a lot of time on, trying to understand the debate. There has been a longstanding debate, as you probably know, on this issue within the Department.

Our office has initiated discussion of that twice now in our defense review boards. Great amounts of data have been generated and great volumes of tables and what have you. And it is a very difficult question to answer, speaking quite honestly.

One of the reasons why it is difficult is the, how do I say, the standing of our so-called C rating system as to whether that really means what it appears to mean. And that is the C-4 ratings. It used to be called UNITREP.

The problem with the readiness system that we have—in fact, it is not even called the combat readiness system any longer; it has been changed—is that some units that are rated as not ready in fact are in that condition not because they do not have combat capability, but because some piece of equipment is due to arrive and it has not arrived at the present time.

We are concerned about it. The Secretary has made it a special review item and he has had two review meetings on the issue. The Army has, as a result of those meetings, agreed to take some steps to look at specific remedial actions.

It is an issue that we are concerned about. There are strong opinions on both sides. The Secretary's position is to continue to monitor it and to encourage the Army to put as much resources as they can into early deploying units.

And I will let the Army also speak for itself on what it is doing. But basically, we see it as, yes, we are concerned, we are not certain that it is as serious as some of the critics would say, because we think that many units that are rated C–4 are in fact capable of performing some combat activity.

Senator GLENN. Well, let us say that we are at war right now somewhere, and you are being shot at, and you are leading a company or a regiment. We'll make it a division for you, in your exalted status here in this hierarchy.

READINESS OF C–4 UNITS

Would you be happy, right now, getting your combat support from a unit rated C–4?

Dr. ARMOR. There are some C–4 units that are not combat-ready and others that would be. So it is a determination to be made. There is no rule that says C–4 will not go. The rule is that there will be a judgment as to whether that unit is actually ready or not or it could perform a part of its function on that mission.

In fact, the Joint Chiefs of Staff have completely revamped that whole system to make it clear that it is a resource checklist. It is not and never was intended to be a description of combat capability.

To answer your question, it would depend upon exactly what that C–4 unit had. Was it missing a tank or was it missing a set of wrenches? I mean, there is a difference in whether or not the C–4 rating really means that it has no combat capability.

It will be a judgment call in any case, worked out between the CINC, let us say, and the Army, between whether or not that unit actually has some capability that it can perform.

Senator GLENN. I do not know if I were on the front line that that would give me much confidence that I am going to get the kind of support that I want.

When are we going to have it sorted out so that we know what the ratings of units are, in order that we know whether they can perform the function they are supposed to perform?

Dr. ARMOR. That is something we are working on. In fact, we would like the Reserve Affairs also to put more Reserve units through our exercise training systems, like the national training centers, so that we can get some better reading on what their actual capability is.

That is really the difficulty. We need to improve those systems of training, and in fact the Army agrees with this. The Army wants to regionalize its training, for example, so that it can get more Reserve units in regional centers, so that they practice on equipment that they may be short of.

So there are a number of things that the Army is doing to tackle it.

Senator **Glenn**. We will get into this with our second panel a little later. But we are concerned that some of the figures we received—and it did not come out in the figures for this hearing this morning—but something in the neighborhood of 70 percent of our combat support was going to come from Reserve or Guard, and that, right now, the readiness is only 40 percent of that.

Now, do you feel those figures are valid?

Dr. **Armor**. Overall, they are valid, but they frequently do not tell you time of deployment. In fact, one of the biggest deficiencies in my opinion is that when you see those kinds of tables, that 50 percent are not combat ready, first of all that is not the term, the correct term now.

Many of those units are late deployed. They do not deploy until 60 days or 90 days later.

Senator **Glenn**. You have different groups that would be called upon to provide different combat support roles in different time periods. I presumed when I was given those figures before last week's hearing that they took into account those time periods where they were supposed to be on line or were supposed to be available.

Dr. **Armor**. Many of those charts that I have seen in the same kinds of reviews do not take into account time of deployment. And I do not know of the ones you actually saw, but you need to know the type of unit and the time of deployment.

In fact, I have seen a distribution of that, and our M plus 10 units are in fact quite a low percent of C–4. So if you do not look at the time of deployment, I am not sure that you have an accurate assessment of the severity of the problem.

Senator **Glenn**. I agree with you completely. I always thought that was tied right in with it, the time of deployment, because if you are looking for combat support or combat service support it has to be tied to what is over there and it has to be available.

The units going over, the regular units, are going to be, of a limited duration and they have certain logistics functions and combat support and combat service support that goes right along with it. Then you have the Reserve, the Guard; they come in and they perform the other functions.

But the original forces, the first regular forces going over, are tied to a certain timeframe. And unless you have the Reserves coming in at that point and filling in well, you leave a gap there that could be critical.

Dr. **Armor**. Exactly. And like I say, I think the earliest deploying units have much better C–4 ratings than the overall. And sometimes the numbers will just show you the present of Reserve units in combat service support that are C–4, and that can be a misleading number.

Senator **Glenn**. Are you working on a process now to evaluate this more accurately?

Dr. **Armor**. It is a matter of continuing review by the Secretary. We have had, as I said, two review meetings and another one coming up. And we expect to have more progress and more specific implementations of policies.

The focus now is on early deployment, and the Army has agreed to investigate the feasibility of what we call augmentation units. That was Mr. Webb's suggestion, and I am sure that Reserve Affairs folks can talk more about that. But that is what the Army agreed to, and we will be tracking that as well, because that is perhaps the best solution.

EVALUATING THE ARMY'S FORCE MIX LEVELS

Senator GLENN. Do you, at DOD level, have a method to evaluate the Army's force mix decisions to hold Active Force strength level and to transfer combat support and combat service support missions to the Reserves? Do you try to evaluate that?

Dr. ARMOR. We do not have anything but the oversight in the process of doing that. We publish a requirements report which sets out criteria that each of the services use to make the Active Reserve judgment.

Again, it is the oversight responsibility. Once it became—in the process of moving to more reliance on Reserves, which I think, you know, in an historical sense that is what we are trying to do, it was perhaps inevitable that as those decisions are made some refinements have to be done.

And that is why our division, for example, has raised this as an issue for discussion several times.

Senator GLENN. Let us address that. How much are we putting in the Reserves? Because, General Elton, former Chief of Staff Shy Meyer is quoted as saying: "The noodle has been pushed up the hill as far as it can be in turning new missions and functions to the Guard and Reserve."

Do you think the Guard and Reserve can handle more missions, in light of the quick response time that is needed and in the light of the fact that they spend about 48 paid drills and 15 days of active duty for training annually?

General ELTON. Sir, I do not have the detailed data that reflects the readiness of the early deploying units. But I agree with Dr. Armor that in the context of their deployability dates, the readiness of those units that are early deployers has been emphasized in the force issue of equipment.

And I can tell you from the personnel side of the house that most of those units are in quite good shape personnel-wise.

Senator GLENN. These figures that we had last week—and I really an not trying to bait you on this. But, I am really curious about whether they are correct or not. Those figures, 70 percent, we are 70 percent dependent on the Reserve and the Guard in these areas, and yet the readiness factor was only around 40-some percent.

And I assumed that tied in with 15, 30 days, 45 days, whatever the time periods are. If they do not, it seems to me that we are living in sort of a dream world here as to what really is available if we go to combat.

What is your impression? The 70 percent is a fact, I guess. Is it your opinion that we would only be 40 percent ready within that 70 percent?

General ELTON. Sir, if the 40 percent number was derived simply from the unit status report, then I would say we have to go back and examine precisely how that unit status reflects against its deployability dates.

The C ratings are strictly based upon personnel, equipment on hand, and training at a point in time.

Senator GLENN. Do you agree with Shy Meyer that we have gone about as far as we can go with missions and functions to the Guard and Reserve, or not?

General ELTON. Well, sir, I would have to caveat that by saying General Meyer left, of course, back in 1983, and we have added responsibilities to the Guard and to the Reserve since that time. In doing that, I know that both the Chief and the Secretary worked that issue through with the Reserve components, both the Guard and the U.S. Army Reserve, and felt at the time that that was a good call. And I believe that it is.

Senator GLENN. Today, though, in 1987 would you advocate turning more functions over to the Guard and Reserve right now?

General ELTON. Personally, I would say that we are just about at the optimum limit.

Senator GLENN. Would you recommend reduction in the missions we have given to the Guard and Reserves?

General ELTON. I would not, unless we can find that either we are not able to fill the units with people or equipment.

Senator GLENN. You think we have hit about the right balance?

General ELTON. As far as I see it, we have. And I think also I might add that the growth in both the Guard and the Reserve increases a little bit out to the end of the 1990s, but it is just about there. And that should indicate that we will be filling out those units, that the decisions have been made at the present time.

READINESS OF GUARD AND RESERVE

Senator GLENN. I am still very concerned about the readiness of these units. If that 40 percent figure is even close to being true—and I know we will get into this later on with the second panel, but if that 40 percent figure is even close we are not in good shape.

Would you agree with that? How are we moving to improve this?

General ELTON. If the 40 percent is an accurate readiness evaluation, I cannot disagree, 40 percent is not a good score. But if 40 percent is simply the unit status and not an accurate reflection of readiness, then I would have to disagree.

So I must defer, go back and take a look precisely at the determination of the readiness.

Senator GLENN. Tell me about unit status and combat readiness, because if unit status is not a figure we can rely on for combat readiness then it is sort of a fictitious nothing, I would think.

What figure do you rely on, then, to say we are ready to go to war with this kind of a structure? You do not rely on unit readiness figures?

General ELTON. The status report is one of the determinants to help make an overall determination of whether that unit is ready to go. But there are other factors that are brought into that. We have another——

Senator GLENN. Like what?

General ELTON. Well, like the commander's subjective judgment with regard to his unit's ability to perform its mission.

Senator GLENN. But if I am sitting somewhere deciding just what I can commit to combat, I have to know whether it is ready to go or not, whether it has a combat capability. Now, part of that is subjective, part of it is unit readiness, but part of it is something else.

I do not know the regimental commander out there personally. How does the headquarters make that judgment then, unless we have a readiness factor that we can rely on that says, this unit is ready, this one is not; this one is 90 percent ready to go and could be committed if we really got into combat; here is another that is 30 percent, that is not ready to go until it was pumped up?

Who keeps track of that information? What is the figure and what is the formula and who does it?

General ELTON. Well, sir, for the Army, DCSOPS keeps all that and keeps driving that through the joint arena for the CINCs, to make sure that those units that are scheduled to be deployed with them are in fact up to speed. I do not personally have that data with me.

Senator GLENN. OK. You do not have on record percentages of the first 30 day Reserve component combat support and combat service support units that are combat ready or not combat ready? You do not have up to date records on that?

General ELTON. Sir, what we attend to is the ability or the lack of fill with regard to the personnel part of that equation. And that is primarily what our focus is on. As I have been told, the long pole in the tent with regard to the great majority of our units is not people, but equipment.

Senator GLENN. OK. How about training? That is in your ballpark. How about the training status?

General ELTON. That is done by our operations, the DCSOPS.

Senator GLENN. Is that part of the 40 percent?

General ELTON. 40 percent is a number I am not familiar with.

Senator GLENN. I do not know what the source of that was, either. Maybe the staff can refresh me on what that 40 percent was.

Oh, those were CENTCOM figures for a CENTCOM situation, that is right. I recall it now. So this was not service-wide.

Dr. ARMOR. Most of it is equipment, sir. The great majority of the C-4s are equipment-related.

UNIT READINESS OF GUARD AND RESERVE

Senator GLENN. Well, here are some of the figures out of the annual report of Reserve Forces, policy board, fiscal year 1986. And the figures out of this on page 111, in case you have it with you, gives a profile of unit readiness and major factors limiting readiness.

These are C-3 or better, and the Army National Guard was 71 percent. Most critical was equipment on hand, second most critical was skilled qualification.

The Army Reserve was 45 percent C-3 or better, and the most critical on that was equipment on hand or individual skill qualification.

The Naval Reserve was 90 percent, and that was equipment on hand, skill qualification again. Reinforcing, sustaining forces, R-3, was 78 percent.

The Marine Corps Reserve was 65 percent. Most critical there was skill qualifications and equipment readiness.

The Air National Guard was 87 percent, and their problem was equipment on hand and equipment readiness. And the Air Force Reserve, 77 percent; equipment readiness and equipment on hand.

So we vary quite widely there. Dr. Armor, I think that this is something that you would really want to look into at the DOD level to make sure we are getting those up. Otherwise we are living in a dream world as far as combat effectiveness goes in some of these areas.

Dr. ARMOR. Yes, sir. We are continuing to monitor it.

Senator GLENN. Dr. Armor, are you satisfied that the strength requests of the military services for the 1988 and 1989 defense budgets are adequate to meet the needs of the services in both the mix and numbers involved?

Dr. ARMOR. Yes, sir. In the active side, the Navy continues to grow toward a 600 ship Navy. The Air Force has made some reductions in 1988 due to some support contracting out, and one reduced fighter wing.

TWO-YEAR AUTHORIZATION STRENGTH LEVELS

Senator GLENN. Are you comfortable with the 2-year authorization of strength levels? We are moving in that direction.

Dr. ARMOR. Overall, we support those strength levels. The main concern is, of course, the Navy's, the one service that is continuing to grow to man the 600 ships. That is the only significant active force growth that is taking place.

Senator GLENN. But as far as authorizing on a 2-year cycle as opposed to the yearly cycle, you are comfortable with that as far as the overall manpower needs of DOD?

Dr. ARMOR. We think that the 2-year cycle is obviously more economic, easier to manage and man, and we are strongly supportive of that.

Senator GLENN. In the annual report to the Congress for fiscal year 1988 submitted by Secretary Weinberger and in your statement, both of you refer to the total force policy. Could you tell us a little bit more about that? Who does it? Is it a reality?

I have been a little uneasy that maybe it was less of a reality than we could depend on.

Dr. ARMOR. There are specific responsibilities, of course, in Reserve Affairs, the Assistant Secretary's Office, for specific Reserve policies. Our office, FM&P, has the total force responsibility, and we are the one that publishes the requirements report and monitors the services' overall force mix decisions, such as Active and Reserves and civilians.

And we are the ones who oversee the defense guidance that says you should use the mix that generates the most cost effective force. And that is behind, in the general sense, the increasing reliance on Reserve forces over the past 6 years or so.

Senator GLENN. We had a report submitted back in 1984 advising us of the number of steps being taken to improve the process by which DOD allocates missions between Active and Reserve Forces. These actions include the development of a DOD directive concerning the conduct and documentation of force mix decisions.

Has that directive ever been issued?

Dr. ARMOR. No, it has not, and I just got a copy of that. That happened a couple of years ago. In fact, I made some inquiries as to what happened to that directive. I do not have an answer as to why it did not get implemented, but it is in draft form.

Senator GLENN. Well, total force policy has a nice ring to it, that is great. But unless it is being carried out, unless the directives are coming out that really flesh that out, it is meaningless.

Dr. ARMOR. I think we should take a look at that directive again since it did surface at one point and see if it might be useful, a useful addition.

Senator GLENN. Can you report back to us on that?

Dr. ARMOR. We certainly will.

[The information follows:]

TOTAL FORCE POLICY

The proposed 1984 directive on Total Force policy specified a standard set of criteria to use in making force-mix decisions for reserve and active units, and provided a basic decision logic to guide the application of these criteria. It also required the Military Departments to provide on an annual basis, as part of the Program Objective Memorandum, justification of major force mix decisions.

The directive was not implemented because serious questions were raised about whether the Services have the necessary tools/methodologies for making valid decisions about cost-effectiveness of active vs. reserve units. Therefore, it was decided to emphasize projects to develop the necessary tools for determining unit effectiveness prior to finalizing the directive for force-mix decisions.

Senator GLENN. I think part of that should also be a periodic review of the whole total force concept. It should be something that is ongoing, not just a one-time review. Now, there should be some requirement, it seems to me, or you should be taking the initiative yourself to make sure that it is updated on a periodic basis.

Dr. ARMOR. Yes, sir.

Senator GLENN. General Elton, former Chief of Staff Shy Meyer said in a recent interview he did not believe the Army could bring the two new light divisions up to full strength without additional active military and civilian personnel. Do you agree with that?

General ELTON. No, sir, I do not.

Senator GLENN. You think we can accomplish it as is?

General ELTON. What we are trying to do is within the end strength ceiling to make some very careful tradeoffs with regard to headquarters units and our headquarters elements and other organizations, slimming down where we can and making some appropriate tradeoffs with civilians.

Senator GLENN. This brings up a question that we are going to get into later on, also, with the second panel. But would you support a realignment of the requested full-time manning growth for the Active Guard and Reserve of about 3,200 in 1988 and 3,100 in 1989 from Army Guard and Reserve to the Active Force?

Or rather, how do you feel about this balance we have there?

General ELTON. We had hoped to get to about—our goal was about 14 percent of our Reserve component force to be in the Active Guard and Reserve, and we think that we still—we still think that that is reasonable.

FULL-TIME MANNING

Senator GLENN. I am talking about full-time manning now, specifically. We are talking about a realignment. If there is any realignment out of full-time manning, and we had figures that indicated it could be as much as 3,200 in 1988 and 3,100 in 1989 from the Guard and Reserve to the Active Force, would you support that kind of a realignment or do you want to keep the alignment the way it is now with full-time manning?

General ELTON. I would like to keep it like it is, sir.

Senator GLENN. How much do you follow the full-time manning concept? Or do you just let that remain a Guard and Reserve problem?

General ELTON. Well, sir, we monitor that as close as we can, because we are very interested in AGR's, the professional development and utilization, and we think that the Guard and Reserve are working mightily to make sure that that is a viable program.

Senator GLENN. Which way would you prefer? Would you prefer full-time manning the way it is or would you prefer to have regulars rotated through these positions as a cadre from time to time to give cross-pollination from the regular forces to the Guard and Reserve, and vice versa?

General ELTON. Sir, I would like to see it stay as it is, and the reason for that is that we have significant work going on within the Capstone program and the Affiliation program where the Reserve units in fact are working with our Active component units.

And each year cadre from our Active units do filter through our Reserve and Guard units and work with them. They go on major training exercises, and of course the next panel will be able to go into the details of all of that. But we think that it is a very healthy program of Active-Reserve mix, and we think that it is bringing us the total Army capability that we need.

Senator GLENN. We are concerned that people who go on full-time manning get all the same benefits as though they are in the regular service as far as retirement and so on, yet theoretically most of them would never have to leave home.

Their children grow up in the same school, they are in the same community. They can spend a full-time career living in one spot and never go through all the inconveniences that the regular services go through, such as with overseas transfers and so on.

And is that fair? It is something I am sure the next panel will want to address. There has been a great increase in full-time manning. I am not proposing to do away with that, certainly not. But it has been one of the fastest growing categories of people in the military, and we are concerned as to whether that same rate of growth should continue into the future.

And I know that usually, if people are transferred from one spot to another in full-time manning, the greatest transfer would still be within a specific state. So when you compare that to the same benefits that you get in the regular service and basically spend your whole career in one spot, without the inconveniences that go along with regular service, we have to question whether that was fair or not.

I have been castigated mightily by people involved in this for even raising the question. But I dare to raise the question so we can consider it, so we can make sure that we are not doing something that is unfair to the regular, as well as, the other Reserve and Guard components with the full-time manning.

The question is do we do that with regular services, rotating them through those functions, as we used to do, or should we expand the full-time manning or cap it where it is, or reduce it? Those would be the options we would have. And my mind is not locked up on this.

Everybody—I have been hit by everybody from all over. Almost every service has bashed me one way or another on this, including Defense Week with editorials and everything else. Well, that is the nature of the job here, I guess; so I take it.

But what I am trying to do is make sure that we come out with, once again, what is fair to everybody and what still gives us the best combat effectiveness. If that means rotating the regulars back through those functions so we get more of a cross-pollination, so be it, that is the way we should go.

If it is not, if it is working well the way it is and gives us the best combat efficiency, so be it, that is the way I want to go. But all I would suggest is, while we are looking at this, everybody get off my back, because I have been hit pretty hard by a lot of folks, and unfairly so, I feel, for even raising the question.

And we will get into that issue a little bit later, too. That was more of a speech than a question, General.

General ELTON. Sir, there is one aspect I would like to raise, and that is the aspect of not moving around. In the Army Reserve, those AGR officers do move. And of course every 3 years their record is looked at, and if it is not doing well then out they go.

And so they stand for a much more critical evaluation, perhaps, than even some of those who are on active duty.

I know that General Temple will talk later to the movement of Guard officers.

Senator GLENN. Fine.

Dr. Armor, the Defense Reorganization Act of 1986 requires the Department of Defense to reduce certain headquarters and Defense Agency strengths by 10 to 15 percent over the next 2 years. These reductions are not reflected in the fiscal year 1988–1989 budget.

What is the status of these required reductions, and when will you report them to us?

Dr. ARMOR. Our report is due, I believe, in October of this year. We have a major study under way in OSD on the agencies.

Our office is responsible for managing the reductions, but we wanted to have the results of the study, which is an analysis of our agencies and their functions, before we actually tried any allocation of reductions. So that will be due in October.

On the management headquarters, I think it is the same period of time. Of course, the services are doing the management reductions specifics themselves, and there have been some announcements about reorganization you have probably seen in the press.

We are monitoring that effort. That will be carried out by the services. The budget did not reflect it only because our studies were not completed, but we will make the reductions as requested.

CIVILIAN END STRENGTHS

Senator GLENN. Dr. Armor, for the past 3 years DOD has operated without a statutory ceiling on civilian end strengths. Now, in fiscal year 1985, the first year that this restriction was lifted, DOD did a lousy job in meeting its self-established management goals. That year DOD exceeded its own end strength goal by 41,256 personnel and by $800 million. It did not even come close.

Last year, in fiscal year 1986, you were much closer to your targets both in numbers of personnel and in dollars.

What is going on with the civilian work force in this fiscal year compared to your original budget plan both in number and in dollars?

Dr. ARMOR. I am not sure what happened in 1985. There was some reaction to the lifting of the ceiling and things did not go well. But we continued to monitor that during 1986 and brought that bump back down so that we hit our projected numbers very, very close in 1986, a few thousand or a thousand.

Senator GLENN. Do you have the numbers and dollars? How close are you to your target and how far off?

Dr. ARMOR. I do not have this with me here, but I can supply them for the record.

Senator GLENN. Would you, please, both in numbers and dollars?

Dr. ARMOR. Yes.

Senator GLENN. And what is your projection in this area, also?

Dr. ARMOR. We will do so.

[The information follows:]

CIVILIAN END STRENGTHS

The Department of Defense fiscal year 1986 actual civilian employment level was 1,112,321 spaces against a planned level of 1,110,204. Actual DOD civilian pay obligations were $31.4 billion against a planned $30.9 billion.

The planned civilian strength for end of fiscal year 1987 is 1,123,555 spaces with a planned obligation of $32.9 billion.

Senator GLENN. Can you point to any specific benefits or improvements in the management of the civilian work force by not having a specific end strength authorization?

Dr. ARMOR. You ask for specifics. I think the main concern that we have about ceilings is that they distort the decisionmaking process. It is not a management technique that anybody in the private sector certainly likes to operate under, because you cannot deal with contingencies that arise, distortions, you know, getting part time employees or temporary help or RIF's, to manage in that fashion.

We would prefer to manage by output and by dollars and not by actual numbers. We think there is more flexibility to accomplish our mission that way.

Senator **Glenn**. Well, OK. If you expect to do that, then it is going to have to be managed properly or we are going to have to put lids on some areas. I hope the 1985 experience was an aberration. Forty-one thousand and $800 million—that is not just Kelly Girls and temporary help.

Dr. **Armor**. We think it was an aberration, and we think we proved it in 1985, that we got it back down to our program levels.

CONTRACTING OUT

Senator **Glenn**. All right. How about contracting out? Secretary Weinberger's posture statement for fiscal year 1988, makes reference to the policy concerning contracting out the A76 program. The specific statement is:

> We are still seeking to improve our A76 program by giving installation commanders authority to decide when to use the program and what functions to compete, and by stressing the quality factors described above when awarding contracts.

Does that statement reflect a change in the overall policy governing A76 in DOD?

Dr. **Armor**. No, sir. Now, we do expect to look at about 10,000 to 12,000 positions this year, and we have averaged about 10,000 positions a year.

Senator **Glenn**. Does the local base commander have the final authority in deciding when to contract out?

Dr. **Armor**. Well, he can initiate the process, but he has to undergo a study which takes about 2 years to complete. And it is very, very rigorous and full of rules about—he has to first of all try to make his local civilian force, his permanent civilian force, more efficient. He cannot just contract out and take a bid from a contractor.

Senator **Glenn**. He can do this under those guidelines, on his own initiative, without having to submit it to headquarters for approval?

Dr. **Armor**. That is correct. But he can only adopt the contracting out when in fact it results in a savings. What often happens is that the savings from his own analysis or management efficiency steps on his full-time civilians also results in a savings, and in some cases the bid from the outsider does not beat his savings internally.

So it is a good program, but of course it is only 10,000 positions a year out of a work force of 1.1 million.

Senator **Glenn**. General Hickey, the Air Force intends to study, as I understand it, the conversion of approximately 5,000 jobs in aircraft and equipment maintenance in the Air Training Command from in-house operation to commercial contract.

These functions seem to be of a kind that would be critical military skills, even though they are in the Training Command. Now, has the Air Force position on this changed? What has changed in the past year that made the Air Force decide to study contracting out for these positions?

General HICKEY. Well, I think there were multiple considerations in terms of having us consider them. Those positions are and have historically been military in the sense that they provided, even though they were in the Air Training Command, a rotational base for overseas maintenance crew chiefs to rotate back and forth to the continental United States.

In fact, if you look at the jobs that are done at those Air Training Command bases, they do not have a deployment or another kind of wartime mission which would preempt doing the work that is done at those training bases. Therefore, there is no need for them to be military.

As we got into end strength constraints and the economics of the situation got tough enough, we went back again and decided that we would have a sufficient rotating base for their other maintainers and other active units around the United States, continental United States, and that we could convert those.

And as you know, the first decision is whether to convert those from military to civilian. And we have made that decision, and we are moving toward civilianizing them. Then the second step is, once that decision is made and you consider them to be civilian positions, then you can do an A76 contracting study, which is basically an economic study of which is the more efficient way to manage the force.

Senator GLENN. OK. I want to ask you and Dr. Armor both—I will start with Dr. Armor. There have been allegations by a number of groups that private contractors have a tendency to buy in for the first year or two of a competition with low bids and then make it up later.

How often do you go back and review the economies of these contracts in, say, their third, fourth, or fifth years, to see if the cost savings originally anticipated are still being achieved? Do you have studies that show that the contracting out is really a good idea, saves us money in the long haul, and does in fact enhance combat readiness by releasing people for other functions?

Or do we just let them buy in with a low contract and then take our lumps later?

Dr. ARMOR. I am not familiar with—well, there may well be follow-up studies on that cost, to see if costs go up, and I would have to provide that for the record. I do not have any information on whether that happens or whether we have a longer term monitoring process.

Senator GLENN. Anyone else care to comment? General Hickey, do you have any studies on this? Do you have any long-term studies of what has happened after they have bought in?

General HICKEY. We have in fact gone back and looked at those contracts. There are at least three different areas that I know of that we have looked at.

One with the Air Force Audit Agency in 1984 went back and reviewed some 31 Air Force functions that had been converted in 1980. We found a mixed bag in that some of the costs had gone up, but we think that the cost of those functions would also have gone up. And there were some significant savings in it.

We followed that with two more studies of our experience in the conversion to contractor operations and the commercial function. And what we covered in that were 235 contracts that were awarded under A76 between October 1, 1980, and October 1, 1982.

And what that showed was that 132 of those Air Force cost comparisons since bid opening continued to realize significant savings, a little over half of them. The saving was not as great. It was only about 33 percent instead of the 34 percent that was anticipated.

But those 132 contracts were still saving us about $173 million annually, and this was some 4 to 5 years. We have an ongoing program to review a contract, any contract, 5 years after the original contract is let, to go back and see if in fact buying in on one of those kinds of occurrences has occurred or if some other thing has changed in the environment that it would make more sense for us to go back and not review the contract, but go back to in-house management.

Senator GLENN. Fine. I think it is good to go back to review them.

You indicated that $100 million sum is being saved?

General HICKEY. That was out of the first 235 A-76 contracts that we reviewed, yes, sir.

Senator GLENN. Well, that is good. Has that been a similar experience across the board here?

Admiral CARLSON. Yes, sir, it has. We have found it to be very successful and cost effective, and the escalation has not been what some would forecast it to be. It is fixed contract, fixed price, and the only requirement is that if there is a wage escalation or some other sensible increase that warrants adjudication, repricing of the contract is done.

But we have saved a lot of money and a lot of positions by going to A-76 contracts.

Senator GLENN. And contracting out is enhancing combat readiness, then, not going the other way around, because it releases other people to be used for other things, I would presume?

Admiral CARLSON. Definitely.

Senator GLENN. Is that correct, General Cheatham? Same thing?

General CHEATHAM. Yes, sir, same thing. Within the Marine Corps we have the Fleet Assistance Program (FMF). Marines are used to provide manpower for base support operations. When we have been able to contract out, we take those marines who are supposed to be in the fleet and put them back there.

Senator GLENN. General Elton, same thing?

General ELTON. Sir, one thing we have found that I think—I am not sure we realized that it was going to take place or not, but in the studies we have made, primarily within the Army Materiel Command and some of the other major commands, we found that if we work through this process of the study, depending on how we end up, regardless we have found that the operating costs have been reduced by 20 percent or more following the completion of all these studies.

So if we stay in-house the operational costs drop an average of about 20 percent, and if it has gone contracted out it has dropped about 18 percent. So that in itself is reason for us to continue with the study.

Senator GLENN. Senator Wilson.

Senator WILSON. Thank you, Mr. Chairman.

NEW LIGHT DIVISIONS

General Elton, you said earlier that you believe that the Army had reached the optimum in its reliance on Reserves. Yet, just this month the vice chief of staff directed that the Army go full force in manning its active duty billets in the two new light divisions, while retaining its static end strength.

This obviously means that more and more combat service and combat service support billets must be filled from the Active Forces and moved from the Active Forces to the Reserves to free up active duty personnel to man these new light division billets.

How is the Army going to man the new light divisions without increasing Reserve missions, which you say are now at a maximum level?

General ELTON. I do not have the exact tradeoff here, but I can certainly get that to show you.

[The information follows:]

NEW RESERVES MISSION

The word I used was optimum, not maximum. The creation of the new light divisions was part of the Army of Excellence (AOE) program. The purpose of AOE was to eliminate hollowness, enhance the tooth-to-tail ratio, create rapidly deployable combat ready forces, and to streamline and standardize organizational designs. These initiatives were accomplished while remaining within a constant active component end strength of approximately 781,000 and programmed with the POM 91 submission. In reference to your concern about increasing reserve missions, these were taken into account during POM 92 preparation. Further increases to reserve missions in support of AOE are not anticipated beyond the current program.

General ELTON. All the decisions have been made and placed into effect to execute the move or the shift, if there has been a shift into the Reserve area that has been done in previous years. And what I am saying is that shift or that approved movement, all approved by the Secretary of Defense, has been then put into effect in the program. That will take 2 or 3 years to get that all done.

Any additional changes is what I was talking to in referring to, answering your question about the optimum. I would have to defer, and perhaps the next panel will have the specifics as to the growth of units based upon additional missions. I do not personally have that.

I do know that in testifying, General Wickman has mentioned that a number of those changes will come from the savings that we have made within our own structure, reducing the size of some of our own units internally within the Active Army, replacing some military with civilians appropriately, and in some other economies and productiveness efficiencies that we are making within the Army itself.

But as I understand it, the question that you asked me both last time and just now refers to any additional movement beyond what has already been planned. And the requirements for those divisions were planned 1 to 2 years ago.

Senator WILSON. All right. I would be interested in the specifics of that. But a summary of your response is that that was contemplated. It is not going to place a new, unlooked for burden now on the Reserve?

General **Elton**. I do not believe so.

SINGLE PARENTS IN ACTIVE FORCES

Senator **Wilson**. Dr. Armor and gentlemen, last year Congress included a provision in the Defense Authorization Act that was designed to ensure that single parents enlisting in the Reserves would be held to standards no higher than those for single parents in the Active Forces. And that policy, I think we agree, is fair and proper.

However, since that time I have become concerned about the standards that we are utilizing for single parents in the Active Forces. During a staff visit to the Pacific in December, there were substantial concerns raised by both officer and enlisted personnel, representatives for all the services, about the growing number of single parents on active duty overseas.

Among those concerns was the very real fact that it is difficult, perhaps unrealistic, to expect single parents to work many of the extra hours that are associated with military overseas service, often resulting in other personnel having to work even longer hours; and the very real concern that, especially overseas, in the event of full mobilization, many of the so-called child care plans required by all the services may in fact not be worth the paper that they are written on. This was expressed rather forcefully and repeatedly.

Now, I understand that we are dealing with a very difficult policy issue. But I wonder, and I would like to hear from each of you, whether in our attempts to meet our manpower needs we are really setting up a scenario in which, in the event of a mobilization, we may be forcing many single parents to choose between following their military orders to move out and leaving their children in an almost homeless, orphan-like situation.

Dr. **Armor**. I will defer to my colleagues, but it is our policy, and I believe the services have implemented something like this, that there has to be a plan filed for how that single parent is going to deal with the child's care, and that that is a requirement before that person can be assigned or deployed or what have you.

But I will let my colleagues talk to the specifics of that policy.

General **Elton**. With regard to the Army aspect of that, I can refer to the Army in Europe and their plans in particular, which are that each of the single parents has a plan that is reviewed by the immediate commander as to the disposition of the youngster when they are on alert. And when we have these alerts periodically in Europe, those plans in fact, many of them, are executed on a random sampling basis to be sure that those plans are up to date.

That is something that General Otis, I know in particular, is very concerned with, and ensures that that part of his readiness equation is up to date.

General **Carlson**. It is a social problem thoughout our society, and as it is in our society, so it is reflected in the military. Of course, the dilemma is to ensure that the individual maintains worldwide assignability.

So, on the one hand we want to be compassionate and supportive, but on the other hand we cannot have our readiness be impacted by that compassion. It is a dilemma and we are trying to put rigor in the program. We do not want to become limited in our ability to respond to crises worldwide by having to gather up a lot of dependents.

As you see in your travels, it does become a problem in some places. It is a terrible morale problem when we have single parents who are fully dedicated to serve until 16:00, but at 16:00 they have to go get their children. That is a very negative thing, and we are encouraging our commanders to apply the same standards to people who are unable to meet their military commitment as they would to others who, for other reasons, might not be able to make their military commitment.

That is easy for us to say in Washington. It is difficult for the commander to call in a single parent and tell him or her, "We are going to have to separate you from the service because you are never here." We have to do something, and it is something we have to do.

General Hickey. For the Air Force, I would echo what Admiral Carlson has said. It is a problem for us. It is a management problem, in that they must have a plan, the single parent must, for the care of their dependents. It is not exclusively a single member parents' plan. Our regulation requires that any single military member and military people married to each other have a plan to take care of their minor dependents.

It becomes highlighted when you talk about married couples that have children both being in the service or single member parents because then it is harder for them to have an adult around to rely on as the carrier out or the executor of that plan, but it applies to all of them equally. It is a very difficult thing to enforce for the same kinds of reasons. It is hard for a commander to enforce it, but it is the local commander's responsibility.

We check those plans and the efficacy of those at every Inspector General's inspection that we have. Sometimes we random sample, at other places we will do a 100 percent audit of every single member or married military couple with dependents that we have to make sure that they do in fact have a viable plan. We will go so far as to call the person for which they have a phone number listed to see if the person who is supposedly going to take over really knows that they are designated to take over and that the provisions, if it is overseas, to get the dependent out of the theater are in fact done—that those provisions are made.

We are not allowed to make any preferential treatments. This is a very difficult thing, but the fact of the matter is if we show preferential treatment for single member parents, then that comes at the expense of the rest of our fighting force readiness. We keep them on board and we give them an equal opportunity to serve their country because they have expressed a desire to do so, and as long as they can maintain the requirements which all of the other contemporaries do, then we will keep them there.

It is a problem, and it takes extra work to provide that opportunity for those people. We could meet our recruitment and our readiness goals without them, but we do not mind meeting it with them as long as the system works and as long as they live up to those requirements.

General CHEATHAM. We have probably beaten this to death, but I think that, in an attempt to solve a social problem we have created a military problem. This situation has an impact on those who are not single parents by giving the single parent many more advantages than others have. I think we are using the wrong avenue to solve a social problem.

Senator WILSON. General, when you and I were second lieutenants in the Marine Corps the old line still persisted that if the Marine Corps had wanted you to have a wife, they would have issued you one. That seems to have passed from vogue.

Senator GLENN. I would like to disassociate myself from that.

Senator WILSON. I notice that memories are failing as the years advance.

This is a real problem. The society has become increasingly a single parent society. I do not know what the percentages are, but we all know that. You have all acknowledged that in your statements. It has impacted the military.

General Hickey, I was impressed with the seeming thoroughness of what the Air Force is doing. Tell me what happens when you call that phone number and find out that the person who is designated as the substitute custodian of the child is no longer on Guam but is back in Buffalo.

General HICKEY. There is one of two outcomes on that process. They either fix it permanently again and then it is checked periodically to make sure that they have a permanent fix between the commander and the individual. They find another sponsor to take care of that child or they leave the service if they cannot fulfill their military obligations.

I do not remember now. I think 30 days is the time line in order to resolve that situation one way or another. If not, then the administrative separation processing starts.

Dr. ARMOR. That is a DOD separation policy. If you are a single member parent and cannot adequately satisfy the requirement for dependent care, that is a basis for separation, administrative separation from the service.

Senator WILSON. Thank you, gentlemen.

Thank you, Mr. Chairman.

Senator GLENN. Thank you.

Your botton line has to be combat effectiveness, No. 1. Anything that interferes with that is a wrong policy as far as I am concerned. I think you can accommodate some of this, but when you start giving people specialized treatment, relieving them from duty of a certain kind, relieving them from this and tossing that on someone else who also has a family, then you start creating more problems than you are solving.

I am not trying to talk you out of having single parents with children in the services, certainly not, but when it gets to the point where you are starting to interfere with other people and the fairness of how they are treated and it interferes with combat effectiveness, directly or indirectly, then I think you have to look at it very carefully.

Senator GLENN. Gentlemen, thank you. We are a little over the time we had allotted for this panel. I would like to know whether you have any—oh, I did not see that Senator McCain is back. I am sorry.

John, I am sorry. I did not know that you came back in.

Senator McCAIN. Thank you, Mr. Chairman. I understand that marines have that trouble sometimes. [Laughter.]

Senator GLENN. This is get even with Glenn morning.

Senator McCAIN. I will try to be very brief.

Senator GLENN. Take whatever time you want.

Senator WILSON. We understand that Navy people sometimes have a problem with that.

Senator McCAIN. I do not want the Army and Air Force to feel left out here.

OFFICER PERSONNEL STRENGTH GOALS

I would like to go back to the subject that we were discussing at the last hearing, Mr. Chairman. Do the services expect to meet the mandated officer personnel strength goals. I think the only meaningful way to do that is to look at the existing command structures.

I would like to ask the witnesses if they are examining that and if they have come up with any proposals so far to do away with or consolidate commands throughout the military organization.

I guess we could start with you, General.

General CHEATHAM. Yes, sir. We are looking at it. I did mention that the 1 percent reduction that we have taken this year is all from non-FMF organizations, non-Fleet Marine Force organizations. Now this will not necessarily occur if we go on to a 2 or 3 percent reduction, but we did do it this year for our 1 percent cut.

Over the period 1980 and 1986 when the Marine Corps grew in officer strength some 2,001 officers, 90 percent of those went into combat units. I am saying there are combat or noncombat units. Everybody knows the difference. Ninety percent of the Marine Corps' officer growth went into combat units.

To get back to your question, the reduction, as I mentioned to Senator Glenn, will not come out of the squadrons. It will not come out of the battalions. The reduction is going to have to come from headquarters.

Senator McCAIN. Thank you. Have you identified any commands that could be consolidated or done away with?

General CHEATHAM. Not at this time, no sir, we have not.

Senator McCAIN. Thank you.

Admiral CARLSON. We have recently completed or in fact, are in the process of completing a headquarters review of the Office of the Chief of Naval Operations and the Office of Secretary of the Navy and are identifying significant numbers, on the order of 10 to 15 percent reductions, that we are making now to bring the headquarters levels down. We continue to look for more efficient ways to discharge our worldwide duties by making adjustments here and there.

I do not think we are suddenly going to wake up one morning and say, gee, we have too many of this or too many headquarters here. It is going to be incremental, small adjustments, but we recognize that when savings can be made, they should be made.

Senator McCAIN. Thank you.

General ELTON. Sir, with regard to the Army, we have a major officer and warrant officer space reduction study going on now. The DCSOPS and DCSPER are working on that together. We are looking at TO&E and TDA organizations, the TO&E having about a 40/60 split with TDA. So the primary emphasis is on the sustainment base.

We are looking in two different directions; that is, chopping off the toenail with 1 percent, chopping off the toe with 2 percent, and chopping off the foot with 3 percent; or we are looking at 1 percent and then push it aside followed by a 3 percent and then push it aside, and then a 6 percent, a large chunk. In this large chunk, we are looking at some major changes in the structure.

As I say, these are all tentative and being looked at and have gone nowhere except around the desk of the Army staff, but they are changes which would revolutionize the base operations structure. For example, we have a mixture now of civilian and military, and maybe the time has come to make a majority of that civilian.

We have an additional couple of branches within the Army, our finance corps and personnel management and so forth, and perhaps those can be more civilianized.

So we are looking at some major changes that would be in fact driven by a total of 6 percent.

Since Senator Glenn put it up there, that is the Army's growth, and I can tell you that 90 percent of that growth is in company grade and warrant officers. I cannot show it on that chart, unfortunately, because it is just numbers, but we are going to try to preclude from taking the spaces for those very same absolutely necessary combat capable officers when we do have to go through the cuts.

Senator McCAIN. Thank you.

General HICKEY. Senator, I must tell you right off the bat we have not yet identified any major command headquarters for elimination, but we have done some significant reducing in the past. When we met the last time, you mentioned the fact that the Air Staff and the Pentagon and all those staffs seem to be growing all the time.

I had a problem with that because when I first came here in about 1973-74, there were more people in the personnel plan's directorate, one of the subelements of the deputate, than I have in my total personnel deputate today. I am trying to figure out how we get such a disparity in our perceptions.

So I went back and I asked them to look, and it turns out that my perceptions of who worked directly for me were exactly right. We have cut over 50 percent from the total number of officers who were in the headquarters Air Staff and the Secretariat from the 1972-73 timeframe until 1987 if we go to the end of the Title 4 reduction in the DOD Reorganization Act, from 5,600 plus to about 2,600.

Now, that does not mean that all those people went away or that we have not done something else with those headquarter functions. I want to be the first to tell you that, because some whole functions have been moved to the field. Things that we were doing in the Pentagon we now do in outlying areas. The whole manpower assignment process essentially for colonels and below, for instance, in the Air Force is now done at San Antonio.

So I do not mean to infer that we have been that magnificent. My perceptions were different, and I think that is where part of the difference is, but the numbers are going to be somewhat startling.

I found out why part of that happened, when I went back to see. It turns out that in 1976 there was a 10 percent headquarters reduction directed by OSD. There was another 10 percent in 1977 by OSD, a 10 percent in 1978 by OSD, a 10 percent in 1979 by OSD. In 1984 the Congress directed 5 percent and in 1985 about 2 percent. Then in the DOD Reorganization Act we have another 15 percent here and 10 percent there.

So it probably needed to be done. It is kind of like wheat. You have to go out and mow it each year and reap it or it keeps growing on you. So that may be part of our problem, but the fact is that we have just about an annual headquarters cut, and it has not gone away. So both of us are doing something right, I think.

If I might, on the officer reduction I would like to make just one other observation, Mr. Chairman, and that is that——

Senator GLENN. Do that on my time. Let Senator McCain go ahead.

Senator MCCAIN. Let me respond. I think you put it very succinctly. It is like cropping wheat, and unless you eliminate commands and consolidate commands, they will continue to grow, as all bureaucracies, not necessarily military ones, do until we address the issue from looking at consolidation of commands.

I also would think that a case could be made as we have formed up different additional command structures as they have been required, such as readiness command and others, we have not done away with others that have become less important or certainly in the case of CINCNAVEUR, which for all intents and purposes as far as I can tell has lost all of its function over the years but still continues to have very large staff and very little operational responsibility or requirements. That is just one example.

I just want to assure you, General, that my 22 years experience in the Navy compels me to tell you that there are commands that can be consolidated and must be consolidated if we are going to comply with the law as passed by this committee and by the Congress.

I think your example is correct. Cropping wheat is exactly the way that is the wrong way to do it, in my opinion, and without consolidation we are not going to comply with the law, which I think, as my understanding of the way this Government functions, is the way that we have to perform.

COMBAT SUPPORT FIELD FOR WOMEN

Let me just ask one more question if I could Mr. Chairman. It concerns the Proxmire-Cohen bill which would statutorily open the combat support field to women in the Army, Navy and Air Force.

I would particularly like to ask Admiral Carlson his views on this bill because it seems that the Navy and then the Marine Corps are most affected by it. Certainly all the other services are.

Admiral, have you had a chance to look at that?

Admiral CARLSON. Yes, sir, I have. I have looked at it in considerable detail. We share the eagerness of everyone to take and make greater use of the work force of this Nation, and 50 percent of that is female. So we are always looking for opportunities to make use of that work force. The women we have serving in the Navy are every bit as capable as the men, across the complete spectrum.

We are constrained, however, in the use of these women because of the combat exclusion law which prohibits them from serving in combat ships. There has been legislation drafted which would suggest there are some kinds of our ships that because they have support in the title, e.g., the mobile logistic support force ships, are somehow not a combat ship.

About 18 months ago we decided, in the interest of the morale of the people serving in those ships, that those were combat ships, combat logistics force ships, and we changed their title to that. We have been bashed around with claims that we are trying to do some sort of dodge to avoid women being assigned to those ships.

Our position is if the decision is made to change the combat exclusion law, fine, but please do not mandate which ships are and which ships are not combatants. The oilers, ammunition ships and replenishment ships that steam alongside the aircraft carrier and the cruiser to replenish them are right with those ships in harms way. As a former submarine commanding officer, they are considered high value targets.

I have some photos I brought along in the event I might be asked that question. [Laughter.]

This is a picture of a combat logistics ship burning, and the people on that ship thought they were in combat. Here are some people in life boats that were formerly in the combat logistics force ships: and they thought they were in combat. Here is a picture taken from the conning tower of a U-boat. They are steaming through the wreckage of a combat logistics force ship, and there are some survivors clinging to the wreckage. I do not know if they picked them up.

Senator MCCAIN. That is not you on the bridge there.

Admiral CARLSON. There is a huge torpedo hole in the side of that combat logistics force ship.

So we recognize the use and utility of women in the Navy. We have women on ships. We have them serving aboard 62 ships, and we are eager to find ways that we can further employ women, but we have to be very sensitive to the sea/shore rotation of our men. We cannot fill up the shore establishment with women and leave the male sailors to continue in some monklike existence at sea.

So I thank you for the question. We have addressed it, and I was prepared, I believe.

Senator MCCAIN. Do any of the other witnesses want to add to what the General has stated on the Proxmire-Cohen bill?

General ELTON. I have personally not read the bill; however, the Army does not face a statute with regard to the employment of its women. We have tried as hard as we can to utilize them across the spectrum, keeping in concert with the intent of the Congress which is to preclude their participation in direct combat.

Senator McCAIN. Is it not true that the Army does have women right up on the front lines, practically speaking, in support roles at this time?

General ELTON. They transit that front line area, that is correct.

General HICKEY. Since you asked for specific concerns within the Air Force, we have recently opened our description so that we no longer worry about being exposed to hostile fire but also include the criterion that not only can they be exposed to hostile fire, which they now can be, but they should be free from danger of capture by hostile forces. That has allowed us to open up a couple of other weapons systems in the flying business.

As I understand the parts of the new bill that I have seen, that includes reconnaissance. As you know, if you get an RF-14 or RF-101, you are going to do deep tactical reconnaissance, and that might just as well be an open combat exclusion that should be thrown away if we are going to do that.

I think all of the services are willing to do whatever the Congress and the people of the country decide are going to be our societal goal for women. If it is to place them in combat, then we will go in that direction, but that is a concern right now, that the various missions described in the bill could include pure combat.

Senator McCAIN. Thank you. I would just mention to you that I think that bill will get very serious consideration or some iteration of it before this committee, and I think it is very important that we get a record of your respective positions on the issues so that that can be fully ventilated as we address this legislation.

I think it has been a recurring problem and one that perhaps does not need to be addressed, but I think the legislation will certainly be given a lot of consideration.

Thank you, Mr. Chairman.

Senator GLENN. Good. Thank you, Senator.

I would like to give anyone a chance to make any final statement they want to make here before we change panels. We are over our scheduled time, so if you could be brief I would appreciate it.

Does anyone want to volunteer to start? General Cheatham.

General CHEATHAM. I have nothing further.

Senator GLENN. We need a lot of information from you. Obviously, you may need some things from us, so any observations any of you have I would appreciate.

Admiral.

Admiral CARLSON. No, sir.

Dr. ARMOR. No, sir.

General ELTON. Sir, I just want to be sure I have my charter from you. I owe you company grade breakdown, and I will get it for you, also, the indication of combat arms and company grade.

Senator GLENN. What I would suggest is you or your staff and the committee staff get together and iron out what our differences are in the figures, and without objection we will put that in the record and also include that as part of the testimony of the hearing this morning so that we have the final workout of what the percentages are, and get together on it.

[The information follows:]

OFFICER GROWTH

During the period from fiscal year 1980 to fiscal year 1986, the Army Force Structure increased by 11.1K (8.5K Commissioned Officer and 2.6K Warrant Officer). Of the increase, 62% occurred in Modified Table of Organization and Equipment (MTO&E) units or their augmentation—the combat elements of the Army. By grade, 61% of the force structure increase occurred in Company Grade (CPT & LT) Commissioned Officers and Warrant Officers.

During the same period, the Army inventory increased by 11.4K (9.4 Commissioned Officers and 2K Warrant Officers). Eighty five percent of the inventory increase occurred in warrant officers or in the basic branches—the ones that fill the TO&E Army. By grade, 86% of the inventory growth took place in Company Grade Commissioned Officers and Warrant Officers. Within the basic branch Commissioned Officer growth, more than 100% occurred in the Company Grades (Field Grades decreased by approximately 125). Total Commissioned Officer growth took place primarily (66%) in the Combat Arms (Infantry, Armor, Aviation, Field Artillery, Air Defense Artillery, and Engineer). An additional 20% of the total Commissioned Officer growth took place in Signal, Military Intelligence and Chemical—branches that form an integral part of the combat capability of the Army.

General HICKEY. Yes, sir, Mr. Chairman. I would like to reiterate in closing that the officer reduction, I think, is a particularly perplexing and frustrating issue, not for all of the individual anomalies that we find and the arguments that we have with various numbers. I think that is the underlying problem that we have not been able to solve between your staff and our staff or between you and us, and that is just a pure lack of belief in our requirements process that we are running.

We worked very hard with the staff, and your staff has been very forthcoming with us. We have offered all the details. I think that everybody would agree we have not tried to hide any of the processes that we use in determining requirements. The fact of the matter is that, even if we offer our methodology and computations to your staff, it is so cumbersome and complex and there are so many numbers that it is beyond their manning and time to go into in the detail that would convince them, I think what we are doing is valid.

They are not manned to do that, and of course we have not found any other ways to do it. At the same time, we have to acknowledge that what we do is to a degree subjective and judgmatic, but it is the best thing that we have been able to come up with to date for all of the services. It gets good reviews from other institutional and corporate bodies that look at those kinds of manpower measures that they have.

The validity of the process is critical to us internally, as you well know from your military experience, because not only do we use that process to come over here and justify our strengths and our end strengths to you, the Congress, but we use them internally. We use that to distribute, to decide what missions get what, what commands get what. If that process is not valid and is not working, then we have a lot more serious problems within the services than just justifying our officer strengths over here to you because it is the underpinning of our whole personnel management systems in all of the services.

I know it is not 100 percent accurate. The frustration is that we know there are holes in it. The GAO did a recent study and found some 5,400, I think, Air Force positions that were invalid in their view, Air Force-wide. About half of those were unfunded, and the other half were actual funded positions that they felt were within their view.

If you take all of the numbers, and there are some statistical reasons why we would not believe the whole numbers, you are talking about 0.6 of a percent of the total force that is in error with this system by their best measure. It is probably something less than that, but that is outside.

We do our own functional reviews, and we find that we can probably come close to 1 to 1.5 percent that we find error rates. When we go back into a civil engineering shop at a base and do a man-for-man review or a person-for-person review, we find there are places there that are no longer valid. That is not because the original process was not valid. It is because the jobs that were there have changed, the environment has changed, and the structure of the work has changed, and nobody has reported that. So we find it worthwhile to go back and to do it again, the error rate is 1 to 1.5 percent.

We are taking a 1 percent reduction this year, and we are trying to ferret out where that is. We will probably be unsuccessful in being 100 percent accurate on finding the 1 percent that we do not need in the Air Force and perhaps within the other services. I must reiterate that 5 to 6 percent, the percentage we are talking about, I do not in my best judgment see a way that we can accommodate those without impinging on force structure and on readiness.

Senator GLENN. OK. Well, let me say in response that we want to work very closely with you. And your staff is being responsive to me and to the other members of this committee.

Our problem has been that the services in many cases have not convinced DOD yet of what the needs are, and we are dependent upon what DOD comes up with as far as end strength requirements are concerned. This is the total military requirement for the country, and here are certain lists of civilian and here are the officer corp.

We have seen the officer corp growing, in some cases, at almost unbridled rates. We go back to OSD, and we do not get answers. They say, well, we really cannot substantiate what the services' real needs are. If DOD cannot substantiate it, I do not know how in the devil we are supposed to.

So I think your first job, gentlemen, is to get together with Mr. Cox, Mr. Armor and others over there to make sure that they massage these figures around and that they are convinced, No. 1, that the positions are needed. That would go a long way. I do not want the staff of this committee trying to deal with each individual service and bypass the Secretary of Defense who is charged with giving us the total manpower needs each year. We have to take that aggregate and start from there.

Then we break it down. We see what we are going to do with it from there in the overall needs of the country as far as money and budgeting and equipment. Are we having certain weapons programs cut, are you losing two TAC wings, who is doing what. Then we have to take care of the requirements in light of all that.

The first thought is for DOD to come out with their figures and to look at these very carefully. When we started with this about 2 years ago, we found that DOD did not have good figures from the services, No. 1, and in utter frustration we finally put in our requirements which DOD has not complied yet.

So that is where we are on this, and I appreciate your position on this. We want to work closely with you on it, but I would submit that we also want to work closely with DOD in getting the information and what is required from each one of the services and justify it. If you cannot justify that, then something is wrong. Something is wrong at the DOD level and the service level if you cannot justify the figures, because you are the ones certifying to us that this is what is needed.

If you are just rubber stamping what the services request to you and forwarding it across the river and leaving it up to us to weed out, we will take a crack at it, but that is not the way the system should work. It should be a stronghanded DOD that is monitoring what you are doing. When we get the figures, we should be able to rely on them. All we have seen is an unbridled growth in officer strength in some services, and that is what we are trying to take action on.

So the last thing I want to do is cut down an area that is going to affect combat readiness. I have mentioned that 20 times this morning. That is the bottom line for all of us, but it seems to me the first crack at this should be DOD getting all the figures together. That is what we should be able to rely on. In past years we have not been able to rely on that, so we have taken our own individual action.

So that is not to debate you on this subject. It is just to state where we were coming from in putting the requirements on what we did. I did not want to whack away at officer strength in the military just to whack away at it just to show I am doing something. That is the last thing I wanted to do.

We also do not want to see these ratios that have been the leader-to-led ratios of the past just tossed in a cocked hat and see the officer strength go bananas. We will request any number we want to request, and that is almost what it boiled down to. If you look at the growth we have had in officer strength, the ratio of officer strength in the past 10 years or so, that is what we are trying to address. If it is getting in the way of combat efficiency, I am the first person to back off and say, OK, this is what we must have, but DOD is the outfit that should be massaging these figures and validating them before they ever get over to us. So that is where we stand.

Gentlemen, thank you very much.

Next panel. The second panel is Mr. Dennis Shaw, Principal Deputy of the Assistant Secretary of Defense for Reserve Affairs; Lt. Gen. Herbert Temple, Chief of the National Guard Bureau; Brig. Gen. Richard Dean, Acting Director, National Guard Bureau; Maj. Gen. Ward, Chief, Officer Reserve; Vice Adm. Cecil Kempf, Director of Naval Reserve; Maj. Gen. John B. Conaway, Director, Air National Guard; Maj. Gen. Scheer, Chief of Air Force Reserve; Maj. Gen. John Salesses, Marine Corps, Deputy Chief of Staff for Reserve Affairs; and Rear Adm. Alan D. Breed, Coast Guard, Officer Readiness and Reserve.

Gentlemen, welcome. I am sorry we are a little bit late, but I am sure you have all listened with interest as we went through the first panel this morning, and we appreciate your coming back again this morning. I know that you as well as the first panel, had to alter your schedule somewhat to accommodate this, and we appreciate it. I think it is so important since we cut short on the first hearing, we appreciate your willingness to come back again.

STATEMENTS OF DENNIS R. SHAW, PRINCIPAL DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR RESERVE AFFAIRS; LT. GEN. HERBERT R. TEMPLE, JR., ARNGUS, CHIEF, NATIONAL GUARD BUREAU; BRIG. GEN. RICHARD DEAN, ARNGUS, ACTING DIRECTOR, NATIONAL GUARD BUREAU; MAJ. GEN. WILLIAM F. WARD, JR., USAR, CHIEF, OFFICE OF RESERVE; VICE ADM. CECIL KEMPF, USN, DIRECTOR OF NAVAL RESERVE; MAJ. GEN. JOHN CONAWAY, ARG, DIRECTOR, AIR NATIONAL GUARD; MAJ. GEN. ROGER SCHEER, USAFR, CHIEF OF AIR FORCE RESERVE; MAJ. GEN. JOHN SALESSES, USMC, DEPUTY CHIEF OF STAFF FOR RESERVE AFFAIRS; AND REAR ADM. ALAN D. BREED, USCG, CHIEF, OFFICE OF READINESS AND RESERVE

Senator GLENN. Before we start, do any of you have statements you wish to make this morning? Mr. Shaw, do you have any statement you wish to make or any of the other gentlemen as a follow-on to last week's hearing?

Mr. SHAW. No, Senator, I do not. I will just try to answer your questions.

Senator GLENN. All right, good. Does anyone else have any statements as a follow-up?

General WARD. I have a statement I would like to submit for the record.

[The prepared statement of General Ward follows:]

STATEMENT BY

MAJOR GENERAL WILLIAM F. WARD JR.

CHIEF, ARMY RESERVE

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

IN THEIR FY 88 POSTURE STATEMENT, THE SECRETARY OF THE ARMY AND THE CHIEF OF STAFF, ARMY, ACKNOWLEDGE THE RESERVE COMPONENTS' UNPRECEDENTED ROLE IN THE MISSION OF TODAY'S ARMY, AND PROCLAIM THAT "THE RESERVE COMPONENTS' MATURING PROFESSIONAL COMPETENCE AND PERFORMANCE FULLY JUSTIFY THEIR ROLE AS AN ESSENTIAL ELEMENT OF THE TOTAL ARMY." I AM PLEASED TO BE HERE TODAY REPRESENTING THE MORE THAN 600 THOUSAND CITIZEN-SOLDIERS OF THE ARMY RESERVE, AN ESSENTIAL ELEMENT OF THE TOTAL ARMY.

AT THE END OF FY 86, THERE WERE MORE THAN 284 THOUSAND (PAID DRILL STRENGTH) MEMBERS OF THE ARMY RESERVE ASSIGNED TO TROOP PROGRAM UNITS. THAT NUMBER IS EXPECTED TO GO TO OVER 292 THOUSAND BY THE END OF FY 87 AND OVER 300 THOUSAND BY THE END OF FY 89.

THE PRESIDENT'S BUDGET REQUEST WILL PROVIDE AN INCREASE IN FY 88 OF NEARLY 5,100 PAID DRILL STRENGTH, OVER 1,800 FULL-TIME RESERVISTS IN THE AGR PROGRAM, AND JUST OVER 4,100 INDIVIDUAL MOBILIZATION AUGMENTEES ASSIGNED TO ACTIVE COMPONENT ORGANIZATIONS. THIS GROWTH WILL CONTINUE TO CLOSE THE GAP BETWEEN WARTIME REQUIREMENTS AND PEACE TIME TROOP PROGRAM UNIT STRENGTH TO ABOUT 11 THOUSAND.

A CRITICAL ELEMENT IN THE IMPROVING READINESS OF THE ARMY RESERVE IS THE NUMBER OF PERSONNEL AVAILABLE TO PROVIDE FULL-TIME SUPPORT FOR ITS SOLDIERS AND UNITS. FOUR CATEGORIES OF PERSONNEL FORM THE ARMY RESERVE'S FULL-TIME SUPPORT TEAM: ACTIVE COMPONENT SOLDIERS, ACTIVE GUARD/RESERVE (AGR) SOLDIERS, ARMY RESERVE CIVILIAN TECHNICIANS, AND DEPARTMENT OF THE ARMY CIVILIANS. EACH OF THESE GROUPS PROVIDES ITS PARTICULAR STRENGTHS TO THE ARMY RESERVE'S FULL-TIME SUPPORT PROGRAM. ACTIVE ARMY SOLDIERS PROVIDE CURRENT EXPERIENCE WITH ACTIVE COMPONENT EQUIPMENT, OPERATIONAL DOCTRINE, AND TRAINING TECHNIQUES; AGR SOLDIERS PROVIDE RESERVE COMPONENT EXPERTISE AND TRAINING AND ASSIGNMENT FLEXIBILITY; CIVILIAN TECHNICIANS PROVIDE CONTINUITY AND TIES WITH THE LOCAL CIVILIAN COMMUNITY; AND DEPARTMENT OF THE ARMY CIVILIANS PROVIDE THE CLERICAL AND SUPERVISORY SKILLS THAT SUPPORT ALL

LEVELS OF ARMY RESERVE ADMINISTRATIVE OPERATIONS. BY HANDLING THE UNITS' DAY-TO-DAY ADMINISTRATIVE, LOGISTICAL, TRAINING, AND OPERATIONAL TASKS THIS FULL-TIME SUPPORT TEAM ENABLES DRILLING RESERVISTS TO CONCENTRATE THEIR LIMITED TRAINING TIME ON PREPARING FOR THEIR MOBILIZATION MISSIONS.

HISTORICALLY, THE ARMY RESERVE, HAS HAD THE LOWEST PERCENTAGE OF FULL-TIME SUPPORT OF ANY OF THE SERVICES. WHILE THAT PERCENTAGE IS GRADUALLY INCREASING (THE FY 1988 BUDGET WILL BRING ARMY RESERVE FULL-TIME SUPPORT TO 9.2 PERCENT OF PAID END STRENGTH), IT IS STILL NEARLY 11 THOUSAND SHORT OF OUR GOAL OF TEN PERCENT OF OUR END DRILL STRENGTH.

THE FY 88 BUDGET REQUEST INCREASES RESERVISTS ON ACTIVE DUTY IN THE AGR PROGRAM BY 1,843 PERSONNEL TO APPROXIMATELY 14.3 THOUSAND.

ARMY RESERVE AGR SOLDIERS SERVE UNDER CONDITIONS COMPARABLE, BUT NOT IDENTICAL TO THEIR ACTIVE COMPONENT COUNTERPARTS. MOST SUPPORT ARMY RESERVE UNITS THROUGHOUT THE COUNTRY AND OVERSEAS, AND ALL TRAIN TO THE SAME STANDARDS AS THE ACTIVE COMPONENT AND ARE REASSIGNED AT ABOUT THE SAME FREQUENCY AS ACTIVE COMPONENT SOLDIERS. THEIR DUTY LOCATIONS FREQUENTLY DENY THEM ACCESS TO SUCH NORMALLY AVAILABLE FACILITIES AS MILITARY HOUSING AND MEDICINE, COMMISSARIES, AND PXS THAT THEIR ACTIVE COMPONENT COUNTERPARTS TAKE FOR GRANTED.

MOST ARMY RESERVE AGRS HAVE ACTIVE DUTY EXPERIENCE; ALL BRING TO THEIR ASSIGNMENTS THE RESERVE EXPERTISE THAT ONLY COMES FROM YEARS OF SERVICE IN THE ARMY RESERVE. THEY KNOW THE UNIQUE STRENGTHS AND INHERENT LIMITATIONS OF THE UNITS THEY SUPPORT. THEY KNOW WHAT AN ARMY RESERVE UNIT CAN DO AND HOW TO DO IT. THEY SHARE A COMMON BOND OF EXPERIENCE, ORIENTATION, AND EXPECTATION WITH THOSE WHOM THEY SUPPORT, AND THEY PROVIDE THEIR COMMANDERS THE TRAINING AND ASSIGNMENT FLEXIBILITY NEEDED TO MEET INCREASED READINESS STANDARDS. THEIR MILITARY STATUS IS THE KEY TO THEIR AVAILABILITY AND THEIR RESERVE EXPERTISE THE KEY TO THEIR EFFECTIVENESS.

INCREASED LEVELS OF MATURING PROFESSIONAL COMPETENCE AND PERFORMANCE, LARGELY ATTRIBUTABLE TO IMPROVED FULL-TIME SUPPORT, HAVE ENABLED THE ARMY LEADERSHIP TO CONFIDENTLY ASSIGN NEW MISSIONS TO THE RESERVE COMPONENTS. THE LEVEL OF AVAILABLE FULL-TIME SUPPORT IS A MAJOR FACTOR IN DETERMINING THE ABILITY OF THE RESERVE COMPONENTS TO ACCEPT AN INCREASING PROPORTION OF THE TOTAL ARMY MISSION. WE CAN

CONTINUE TO ACCEPT NEW MISSIONS, BUT WE MUST HAVE ADEQUATE FULL-TIME SUPPORT FOR THEM.

IT HAS BEEN SUGGESTED THAT THE LEVEL OF ACTIVE COMPONENT FULL-TIME SUPPORT TO ARMY RESERVE UNITS SHOULD BE INCREASED. WHILE WE WOULD BE PLEASED TO SEE ADDITIONAL ACTIVE COMPONENT SUPPORT, WE DO NOT SEE THIS AS A PRACTICAL ALTERNATIVE TO INCREASED LEVELS OF AGR SUPPORT. OUR GREATEST CONCERN CENTERS ON THE EXPERIENCE, EXPECTATIONS, AND ORIENTATION OF THE ACTIVE COMPONENT SOLDIER SUPPORTING AN ARMY RESERVE UNIT. EVERYONE OPERATES OUT OF HIS OWN BACKGROUND AND EXPERIENCE. THE AC SOLDIER IS NO EXCEPTION. HE IS THE SUM OF HIS AC EXPERIENCES: HE COMES FROM THE AC, HE KNOWS THE WAY THINGS ARE DONE IN THE AC, AND HE WILL RETURN TO THE AC. (INDEED, THIS KNOWLEDGE OF HOW THINGS ARE DONE IN THE AC IS ONE OF THE STRENGTHS HE BRINGS TO HIS FULL-TIME SUPPORT MISSION.) HE HAS AC EXPECTATIONS THAT ARE FREQUENTLY OUT OF SYNCH WITH THE REALITIES OF THE PART-TIME NATURE OF THE ARMY RESERVE. WHEN HE THINKS OF A UNIT TRAINING TASK TAKING A MATTER OF DAYS IN THE AC, HE MUST ADJUST HIS THINKING TO ACCOMMODATE THE EQUIVALENT SEVERAL MONTHS IT MAY TAKE IN THE RESERVE ENVIRONMENT WITH UNIT MEMBERS' TWO AVAILABLE TRAINING DAYS PER MONTH.

MOREOVER, AC UNITS ARE ALREADY MOBILIZED, AND MERELY PRACTICE WHAT THEY WILL DO IN WARTIME. RESERVE UNITS ARE NEITHER MOBILIZED NOR DEPLOYED IN PEACETIME. THEY CONCENTRATE THEIR ATTENTION ON GETTING READY TO MOBILIZE AND DEPLOY. THAT'S WHERE THEY NEED THE EMPHASIS, AND THE AC SOLDIER ISN'T VERY WELL EQUIPPED BY HIS EXPERIENCE TO DEAL WITH THAT.

ON THE OTHER HAND, THE EXPERIENCED AGR SOLDIER, WHO COMES FROM THE RESERVE UNIT, KNOWS FULL WELL THAT RESERVE TRAINING TIME IS AT A PREMIUM, AND THAT SPECIFIC ADJUSTMENTS MUST BE MADE TO ACCOMPLISH THE RESERVE MISSION, WHICH INCLUDES MOBILIZATION AND DEPLOYMENT. HE KNOWS THE REALITIES OF BALANCING CITIZEN-SOLDIERS' COMPETING DEMANDS OF FAMILY, EMPLOYMENT, EDUCATION, WITH THEIR SERVICE IN THE RESERVE. THE AGR SOLDIER KNOWS WHAT THE CITIZEN-SOLDIER CAN ACCOMPLISH BECAUSE HE HAS BEEN THERE HIMSELF. HE HAS NO MISUNDERSTANDINGS, NO MISAPPREHENSIONS. HE IS FULLY AWARE OF WHAT IS POSSIBLE UNDER THE CIRCUMSTANCES. HE DOESN'T HAVE TO "UNLEARN" MUCH THAT HIS PREVIOUS

EXPERIENCE HAS TAUGHT HIM. HIS EXPERIENCE IS IMMEDIATELY RELEVANT TO HIS MISSION.

WE ALSO BELIEVE THAT CROSS-FERTILIZATION IS ACHIEVED SUCCESSFULLY THROUGH THE REGULAR AND FREQUENT INTERACTION AND CONTACT OF DRILLING RESERVISTS AND AGRS WITH AC SOLDIERS ASSIGNED TO THE CONTINENTAL US ARMIES, READINESS GROUPS, AND OTHER AC ELEMENTS WITH RESERVE COMPONENT SUPPORT MISSIONS, AS WELL AS THROUGH ROUNDOUT, CAPSTONE AND SIMILAR MISSION AND TRAINING ALIGNMENTS.

AGRS DO MAKE A REAL DIFFERENCE. OUR UNIT COMMANDERS ARE POSITIVE ABOUT THIS, AND CONSISTENTLY ATTRIBUTE IMPROVEMENTS IN THEIR UNITS' ANNUAL READINESS INSPECTIONS TO THEIR AGR SOLDIERS' EFFORTS. AGRS ALLOW THE COMMANDER TO FOCUS THE QUALITY AND QUANTITY OF HIS SUPPORT FORCE WHERE IT WILL DO THE MOST GOOD.

IN 1985, 61 RESERVE UNITS OF THIRD US ARMY, THE ARMY ELEMENT OF CENTRAL COMMAND (CENTCOM), DEPLOYED TO EGYPT AND OTHER MIDEASTERN COUNTRIES AS PART OF EXERCISE BRIGHT STAR. ARMY RESERVE SUPPORT INCLUDED ENGINEER, AVIATION, MILITARY POLICE, QUARTERMASTER, MEDICAL, SIGNAL, PUBLIC AFFAIRS AND CIVIL AFFAIRS UNITS. ARMY RESERVE ENGINEERS DRILLED THOUSAND-FOOT DEEP WATER WELLS IN PLACES WHERE THE SURFACE TEMPERATURE REACHED 135 DEGREES; ARMY RESERVE MEDICAL PERSONNEL JOINTLY STAFFED A MEDICAL SUPPORT HEADQUARTERS WITH THE AIR FORCE; AND OUR SIGNAL PERSONNEL ESTABLISHED A 500-MILE COMMUNICATIONS LINK. GENERAL KINGSTON, THEN THE CENTCOM COMMANDER, JUDGED BRIGHT STAR TO BE "ONE OF THE MOST AMBITIOUS AND SUCCESSFUL OF ALL JOINT EXERCISES." LTG JENES, THE THIRD ARMY COMMANDER, RATED THE RESERVE UNITS' PERFORMANCE "NO LESS THAN OUTSTANDING,..." AND SAID IT "ATTESTS TO THE ABILITY OF THE RESERVE AND ACTIVE COMPONENTS TO BE INTEGRATED INTO THE TOTAL FORCE AND PERFORM IN A SUCCESSFUL MANNER." AGR PERSONNEL PLAYED A CRITICAL ROLE IN THIS OUTSTANDING EXERCISE. THEIR SUSTAINED KNOWLEDGE OF THE RESERVE-UNIQUE ASPECTS OF THEIR UNITS' OPERATIONS ENABLED THEM TO EFFECTIVELY SUPPORT AND FACILITATE THEIR PART IN THE DEPLOYMENT AND SUBSEQUENT EXERCISE PLAY.

BETWEEN JANUARY AND JULY 1986 OVER 5 THOUSAND ARMY RESERVISTS PARTICIPATED IN BLAZING TRAILS 86, A JOINT CHIEFS OF STAFF-SPONSORED EXERCISE IN PANAMA DESIGNED TO TRAIN RESERVE ENGINEERS AND SUPPORT STAFF TO MOBILIZE AND DEPLOY, TO BUILD A ROAD IN A TROPICAL

ENVIRONMENT, AND THEN TO REDEPLOY TO THE CONTINENTAL UNITED STATES. APPROXIMATELY 15 KILOMETERS OF ROAD AND SEVEN BRIDGES OF VARYING LENGTHS WERE BUILT DURING THE EXERCISE. THIS YEAR, OVER NEARLY 10 MONTHS, APPROXIMATELY 5,500 ARMY RESERVISTS WILL TAKE PART IN BLAZING TRAILS 87. CURRENTLY THEY ARE WORKING ON A ROAD BUILDING PROJECT IN HONDURAS. THIS PROJECT TOO WILL PROVIDE SPLENDID TRAINING WHILE SUPPORTING THE NATION BUILDING EFFORTS OF OUR SOUTHERN NEIGHBORS. THE BLAZING TRAILS EXERCISES ARE A PRIME EXAMPLE OF THE KIND OF REAL WORLD TRAINING THAT IS POSSIBLE WHEN RESERVE UNITS ARE ADEQUATELY SUPPORTED. IT IS NO EXAGGERATION TO SAY THAT THE PLANNING, COORDINATION, SUPERVISION, AND FULL TIME ASSISTANCE PROVIDED BY AGR PERSONNEL HAVE MADE IT POSSIBLE FOR THEIR UNITS TO EXPERIENCE THIS TRAINING. SUCH TRAINING IS A MAJOR CONTRIBUTION TO THE MOBILIZATION READINESS OF ARMY RESERVE UNITS.

CONCLUSION

STEADY IMPROVEMENTS IN THE AREAS OF PERSONNEL, TRAINING, EQUIPMENT, AND MOBILIZATION CAPABILITY HAVE RESULTED FROM OUR EFFORTS TO ACHIEVE READINESS GOALS. ALTHOUGH WE WILL CONTINUE TO IMPROVE, TODAY'S ARMY RESERVE IS THE FINEST IN HISTORY. THESE IMPROVEMENTS HAVE BEEN DUE IN LARGE MEASURE TO THE LONG-STANDING INTEREST AND SUPPORT OF THE CONGRESS AND THIS COMMITTEE. WITH THAT CONTINUED SUPPORT AND COOPERATION, THE MEN AND WOMEN OF THE ARMY RESERVE WILL REMAIN READY TO MEET THE REQUIREMENTS OF TODAY AND THE CHALLENGES OF TOMORROW.

THANK YOU.

Senator GLENN. Do you want to summarize it?

General WARD. I will summarize it when my turn comes.

Senator GLENN. Very good. Thank you.

ACTIVE AND RESERVE FORCES

Mr. Shaw, would you comment on the statements made by Assistant Secretary of Defense James Webb and former Chief of Staff, General Meyer, concerning the imbalance in the Army between Active and Reserve Forces?

Mr. SHAW. Our office has concerns on two scores when we look at the combat forces as opposed to the combat support and combat service support forces that are in the Reserve components. First, the ability to get those augmentation forces to a theater in time for them to have a positive impact on the battle. The second concern is resource readiness, the manpower and equipment as well as the training of the individuals in our combat support and combat service support units in the Guard and Reserve. We see problems in both of those areas, and we have shared that with the Department of the Army. We also brought that concern to the attention of the Secretary of Defense.

We are dealing with those issues now. We have made recommendations on how to make improvements. I do not see us changing the balance or mix of the combat support, combat service support or combat forces in the Guard, Reserve or the active component. In light of that fact, we think there are some ways of fixing some of these problems.

Senator GLENN. We talked at some length earlier this morning about the combat support and combat service support. I think my 78 percent figure was high. The figure that comes out of the pages of last week is 53 percent in CENTCOM; is that correct, 53 percent in CENTCOM? Reserve components constitute 53 percent of the combat support, of which 40 percent are not combat ready.

Now, we commented briefly on that last week. Do you have any further figures to add to that?

Mr. SHAW. I am not sure of the source of that data, which is important to know because any time we discuss the readiness of these components and units, we may be getting into a classified area.

Senator GLENN. Some of these figures I read earlier were from SECDEF, and it was the annual report of the Reserve Forces Policy Board. Now, those I read into the record earlier this morning here, and I am sure you are familiar with those. They show Army Reserve C–3 or above for fiscal year 1986 at 45 percent, and the most critical problem was equipment on hand, and the second most critical was individual skill qualifications.

Mr. SHAW. At the bottom of that chart, sir, is there a source?

Senator GLENN. Individual services, date as of September 30, 1986.

Mr. SHAW. I can say, Senator Glenn, that since we reviewed that report and checked those numbers before the report was issued, those figures are accurate.

Senator GLENN. OK. What are we doing now to correct this? Maybe I should let other people give their views on this also. Go ahead, Mr. Shaw.

COMBAT SUPPORT AND SERVICE SUPPORT UNITS

Mr. SHAW. Combat support and combat service support units are in many cases early deploying augmentation units that are needed immediately in theater so the Active Forces can engage in combat, whereas most of our combat forces in the Guard and Reserve will deploy after 30 days.

One of the things that we think we could do is concentrate on filling up the equipment, the required equipment shortfalls in those units that deploy the earliest, concentrate on manning those units to their full wartime strength, and increasing the percentage of full-time support so that we would have a much higher degree of preparedness and immediate deployability in those units than in units which deploy at a later time.

TRANSFERRING MILITARY LOAD TO RESERVE AND GUARD

Senator **Glenn**. Obviously, what we have to grapple with here on the committee and on this subcommittee also is the concern I mentioned earlier that has been expressed by the Assistant Secretary of Defense and by Shy Meyer earlier about questioning whether or not we should go any further in transferring our military load to Reserve and Guard or have we gone too far already. That is what is inferred, anyway, and that is very serious.

If we find that we have gone too far and have put too much load over there—and I am a full supporter of the Reserve/Guard concept and transferring as much of this as possible to the Guard and Reserve. I think that is fine. That is almost traditional in this country. We have gone further with it now than we have gone before, but we also have to be careful that we maintain the combat capability. If we are getting down to 45 percent readiness in vital areas or something like that, then we have to take action.

General, you had your hand up there.

General **Temple**. Let me suggest that, taking your report which you have quoted, if you look at page 111, and speaking only for the National Guard to show that 71 percent C–3 or better, but if you turn the page over to page 112, and if you look at the change in readiness between fiscal year 1984 and the overall ratings at the bottom of that chart to top left of the page to fiscal year 1985–86, you see an 11 percent increase.

Now, that is a significant increase in a relatively short period of time.

Senator **Glenn**. Yes, it is.

READINESS LEVELS

General **Temple**. I am pleased to inform you that actually in the combat service support units the readiness level is at 73 percent C–3 or above, and combat support is at 72 percent. Now, we are talking of personnel readiness in the 1980s, and I must tell you that is the result of a good deal of effort in the Army, and I am sure the Air Force can say the same thing. This is a significant increase.

We have already made inquiries about the possibility of bringing to your staff a classified briefing to show you in some detail precisely where those gains are being made and how we are doing there.

Senator **Glenn**. Good. We would like to have that information.

Mr. **Shaw**. I would like to participate in that, too, Senator, because we have a system which permits us, through the use of microcomputer processors, to take a look at our unit data for personnel, skills, equipment, and training. We can look at that in the aggregate, or we can look at it at the unit level.

General Temple is absolutely correct. We are making enormous strides in improving the combat capability of our combat, combat support, and combat service support units. The one thing that our office has said, very much like you are saying, is that we need to look across the board, and when there are problems we must focus on those and correct them.

What we can see in the aggregate is that our Army combat support and combat service support units, our early deploying units, in the aggregate are less ready than the units that deploy later.

Senator **Glenn**. Why?

Mr. **Shaw**. You would expect the inverse to be true. You would expect that the early deployers would be more ready. I think the answer to the question is we have not had the ability to focus on the numbers, the data. And when you have a policy of first-to-fight/first-to-be-equipped, you have to look at deployment times, which is where you have to address your resources.

We are now able to do that, and when we look at the data, we find that we need to do a better job.

Senator **Glenn**. You see, we are dependent on DOD to give us the overall picture over here. We have had the impression that perhaps DOD is either incapable of getting the information or the services are stonewalling in some respect, and we do not get the total picture.

Do you have ready access to all the information that you need to make decisions in recommending force structure, manning levels, who is ready, who is not, keeping up with this, so if we went to war we would know what we are doing? We are dependent. We are dependent on you gentlemen right here. There is no doubt about that.

Mr. **Shaw**. For the units that we measure in that system, we have instantaneous access to that data. We can look at it immediately.

Senator **Glenn**. To the whole Guard and Reserve picture right across the board?

Mr. **Shaw**. Of those units that are measured in that system. Not all are. There are thousands and thousands——

Senator **Glenn**. Well, now, you are caveating this. Do we have a good picture of whether we are capable or not? That is what I am asking.

Mr. **Shaw**. I will be unequivocal. I think we do.

Senator **Glenn**. OK, good.

General.

General **Ward**. Senator, as the Cinderella at the table, representing combat and support elements of the Reserve structure, I should point out that $1.9 billion came to the Army's Reserve components last year through the various procurement accounts, $1.7 went to the combat elements in the Guard, and properly so. That was to meet their needs in M-1 tanks, et cetera. About $200 million, a very small element of this, went to the combat service support elements of the Army Reserve. They are the early deployers who are, indeed less deployable than some of the later deployers.

The long pole in our readiness tent is very clearly equipment on hand. The numbers which were cited with respect to Third Army I am very familiar with, and I can say without getting beyond the classified area, that the dedicated Procurement Program now ongoing will fix 34 percent of those units that are in trouble because of equipment on hand. Equipment readiness is far and away the largest, almost a majority of those units. That is unsexy stuff, sir, trucks, radio mounts, generators, and combo gear.

Senator GLENN. Is it that we have not provided that, or is there a foul-up in allocation of funds to you to procure that, or you are not given that by the regulars, or what is the deal?

General WARD. I think it is a combination of systemic difficulties and the need to place your deterrence monies up front. I do not disagree with this at all. The more guns you have facing our potential enemies, particularly in Europe, the less likely they are to run at you; but, the sustainment elements, which you sort of shoot crap on and hope you do not have to use, are more postponable. Sustainment items are smaller dollar items, most of them, and, as I say, they do not generate a lot of systems interest.

The approach of the Secretary of the Army and the Chief of Staff of the Army and the support we have gotten from Mr. Webb's office has been oriented toward fixing the equipment on hand shortfall in the Army Reserve. I believe that based upon what this Congress has done since 1981 with roughly $795 million in dedicated procurement funding appropriated specifically for the Army Reserve and the $365,000 we got just last year, that we are well on the way to fixing most of these issues.

A lot of these items, however, are relatively low procurement density, and they are items which are necessarily in the supply chain, which we are working to find substitutes for. As I say, they are not the kind of items that get a great deal of interest or have gotten a great deal of interest, but I do believe we have the support and the interest of the Army staff and the Army leadership and a sympathetic ear with the Assistant Secretary of Defense for Reserve Affairs in getting that short fall fixed.

Training, for the Army Reserve units in the Third Army, is a minor, minor constraint.

STATUS OF TRAINING

Senator GLENN. OK, what is the status of training?

General WARD. The percentage of Third Army's Reserve units constrained by training, is in gross terms, less than I can show on two hands. Unit training is in relatively good shape. Military specialties have some mismatches merely due to the mobility of our society, and I can say that will never be at 100 percent. Our specialty qualification goal is realistically around 85 percent, and as we approach that we fall back a little bit when we have turbulence, and then climb back to it.

Senator GLENN. We are well beyond the time when the Reserves can operate just on hand-me-downs of what the regulars feel they can spare for a period of time. We converted over to a different system some years back, as everyone is well aware. We will not go into that. The Reserves are part and parcel of the whole system now, and unless they have adequate equipment the whole system starts breaking down. It is that simple.

General WARD. Yes, sir. Having been a Regular and reservist now for 32 years, I could not agree with you more.

Senator GLENN. So it is no longer like it used to be.

General Ward. Sir, the total dollars that affect us is a little under $2 billion.

Senator Glenn. Two billion?

General Ward. That may drop with substitute items, but $2 billion would cover it.

Senator Glenn. General Dean, the Assistant Secretary of Defense for Reserve Affairs, Jim Webb, raised a question saying that one out of every six Army National Guard enlisted members is over 40. I can tell you, that sounds a little young to me, but anyway what implications does this have, though, on the readiness of the Army National Guard and how do you predict this ratio over the next 5 to 10 years, and what are we doing about it, if anything?

General Dean. Sir, rather than trying to refer to that figure, since I find some difficulty in balancing exactly that proportion, I would give you three figures that we have run which are going to be furnished to Mr. Shaw this week, and he is not aware of this yet except informally.

We ran an analysis of all line companies, the letter companies in the infantry, armor and artillery, compared all of our units and those combat arms against the comparable unit in the active component. The units by and large average from 2 to 2½ years older in the Guard than they did in the Active Army. As an example, in the Active Army, and this is from memory, not exactly, the infantry company average age, and this is all enlisted up through E–9, is about 24.5 years. The Guard is about 2.2 to 2.4 years older.

We have the same proportional spread in the armor and in the artillery, a little bit older in the artillery and slightly older in the armor on average but still about 2 to 2.5 years.

Senator Glenn. Does anyone else want to comment on that?

Mr. Shaw. I would like to comment Senator. I appreciate the Guard bringing us those numbers because this is the first time we will have had them.

The fact that we are gathering data like this and are able to analyze it, and to conclude that we have a density of one in six in a component that is basically a combat force is not a conclusion that is necessarily bad; but, it is something to look at and decide if that is what we want or not.

The issue really came up because of physical fitness testing. The Department of Army actually stopped physical fitness testing for people in the Guard who were over 40, and in the combat force. We just cannot have that.

General Temple. There is a bit more to it, sir, if I may. The Army, in actually conducting physical fitness before they got a screening program going, was finding they were suffering the same kinds of cardiac problems as we were suffering. So the issue was we have never had a screening process, and we now are in the process of trying to find a way to finance that.

In the case of the age differential, I am not surprised nor am I concerned with the fact that even in our combat units we may have several years difference. After all, the real strength of the Guard and I suspect of the Reserve also is stability and the fact that people do stay longer. After all, our average soldiers are staying 8 or 9 years in the unit. That is an accumulation of experience that you will not find in any army in the world. Given the fact that they have the same initial training as the active component, I think that is a plus rather than a minus.

Senator GLENN. I agree with you completely. I guess I should have added that the reason I brought this up as a question and did not add this when I made my statement was that I am concerned about the trends. If we are at 40 now, we are going up, and because of the post-Vietnam era we have a lot of people back in and so on. But if the trend is up and up and up in the Guard and Reserve, then that is something we have to be concerned about and take care of with manpower considerations of the kinds of people we are letting in or are trying to attract.

So that is really what I was after on that is whether this is a trend that is getting out of hand. We cannot see an aging force that goes on up and expect to do the job that has to be done.

General TEMPLE. We have not seen that as a trend yet.

Senator GLENN. Good.

General CONAWAY. Senator Glenn, if I might comment from the Air National Guard's standpoint. We have, of course, the military technician program and the AGR program. One of the things that we are trying to do with the AGR program is put more and more of them into the full-time, flying training instructor positions that we have at our fighter units. We are primarily a fighter backup force to the Air Force. They are our warriors in the Air Guard supporting the Air Force, and we would like their average age to be a little bit lower than it is.

In airlift and tanker units there is no serious problem we feel. We would like to keep our technicians in the maintenance force as much as we can because of our great technician stability. Good maintenance comes from the 45 to 55 year old NCOs that we have more of, percentage wise, than the Active Forces do. They are behind the lines.

If we can keep our AGRs to man our alert missions such as SAC site alert, air defense alert, rotations to Panama, and deployments they go to Europe and the Pacific. We not only can save man days by utilizing these people in the highly deployable peacetime as well as wartime skills, but it can help our force vitalized in the right areas.

Senator GLENN. General Ward and General Dean, I understand that some of the growth in the full-time manning in the Army is to man jobs that have been traditionally performed by Active component personnel, some by ROTC, recruiting, work in personnel administration centers and things like that.

Is that true?

General WARD. That is true with respect to ROTC. The others, I would not say that the other personnel elements reflects that trend.

Senator GLENN. Administration centers and things like that?

General WARD. We have some people in headquarters where that position might have been occupied by a short-term reservist or an Active component soldier before, but the numbers are small I could not say that it is a significant item.

With respect to manning the ROTC elements, though, we have 314, I believe, in each component, officers who are instructors and professors of military science. We are concerned about the shortage of junior officers and we are very serious about the need to bring young lieutenants into the Army Reserve as a vital element of our leadership development program. The ROTC Support Program has been added in the last couple of years and reflects, the total increase in requirement for lieutenants. Some of the increased ROTC program has been supported by AGRs, that is correct.

Senator GLENN. That would really amount to charging Active component groups to the Reserves, would it not?

General WARD. I am sorry?

Senator GLENN. That would in effect amount to charging Active component growth to the Reserves?

General WARD. There is a displacement. I would think that is an appropriate description of it.

General DEAN. Sir, as far as the Guard, to answer your question, General Ward did address the numbers in the ROTC program, and we do our own recruiting. The representation of the Active component within the Guard has been declining over the years from a high of a little over 700 to the present time, where we have 138 in full-time manning, and in addition to that we have 540 as advisors which are senior headquarters. We have 44 inspectors general and then 62 assigned to the National Guard Bureau.

So the number is rather low and has been going down.

General WARD. Senator, I would add that the increased AGR element in the ROTC program is the method of enhancing the number of lieutenants we recruit for the USAR. There are about 4,000 new lieutenants of the 8,000 commissioned through ROTC, who go right in to the Reserve. Without that increase, we would be far less ready. As you know, although we are approximately full strength today, lieutenants are potentially a readiness problem area if we do not keep the personnel inflow coming and keep the force young, vital, and trained.

General WARD. Senator Glenn, I also think it is important to recognize that almost 50 percent of the graduates of our ROTC programs are now going directly into the Army's Reserve components without going on extended active duty. To have experienced Reserve component officers salt and peppered throughout this Army ROTC instructor force in leadership positions is very important. We certainly do not want to go overboard doing that by any means, and I do not think we are doing that now.

Senator GLENN. All of you have been in the service long enough and have been connected with the service in one way or another long enough that you were around when the Reserve components, the Guard components, had Regular people assigned to them and they were rotated on a basis every 2 years, 3 years, whatever it was. Compare that to full-time manning now, the advantages and disadvantages.

Who would like to address that?

General TEMPLE. Well, I had the issue to face, as a matter of fact, several years ago when I started to make some dramatic changes in the AGR program for the Army National Guard. Let me go through some of the considerations I had to make.

Quite obviously, as you stated earlier, in the history of our country our soldiers who have fought the war have essentially been citizen soldiers. Given that, and I guess I started on the premise that

God did not make reservists any different than he made regulars, that I had to take the timber and start from there, and the issue was to make them ready in peacetime to the same degree that we made them ready to fight our wars during wartime.

So I had to really hang my hat on stability, on the cohesion and bonding, and I did a good deal of analytical work going back into such things as what made the German Army so effective so as to fight on three major fronts and still be dangerous up until the very last day? There are a number of works on that. As a matter of fact, what came out of that was that stability and cohesion was a base point in the German Army and even when their heavy losses were taking place on the Soviet front they were still maintaining units by local integrity and moving those units forward.

There is a very good expose on that, or I should say treatise, and that is by a fellow named van Creveld called Fighting Power. It is in the library at Fort Leavenworth, KS, but it may very well be in the Library of Congress, it details it in some precise degree.

Given that, I then determined that we had to establish the highest levels of military training that we could, and we instituted a program called the Military Education Program for AGRs. That was on the basis that in order to stay in the AGR program, every member of the Army National Guard had to attend the very same resident courses that the active component had.

As a matter of fact, we even exceeded the standards of the Active component to ensure that the people serving in the AGR force were indeed professional, because that was the direction I had gotten from the Chief of Staff of the United States Army, to ensure that the 14 percent we were striving for was to give our Guard units professionals within the unit.

Concommitant with that, the Army arbitrarily began to draw down many of the advisors because, after all, we were putting AGR people and meeting the same professional standards, and we were endeavoring to preclude the loss of advisors by putting AGR people in some of those critical places.

At the same time be began a totally different approach as to how we train the National Guard. We began stretching them. As a matter of fact, we are training in over 46 different countries around the world. Last year, over 35,000 guardsmen deployed to foreign countries. This year it will be over 50,000.

I kind of predicate it on the basis of, look, if you look at a reservist and a Regular, what is the real difference? It is training and experience. I quickly rejected PCS as being an issue because I could find no combat effective benefits for PCS. In fact, all of my PCS, my wife got more OJT out of it than I did in trying to get the furniture together.

So at least I addressed it on the basis of we have to give these people, one, the basic military training to make them effective. Keep them with their unit as long as you can, because that develops cohesion. You have to give them overseas deployment training because that is essential, the ability to be able to deploy and do their jobs.

Second, we had to put them in a tactical environment, and we have been doing that the last few years. Whenever we put our Active component units in the field, we are now putting national guardsmen out there, many of those AGRs, in order to practice their skills in the environment where they are going to have to go to combat.

So from our standpoint, I think we have addressed it in the best interests of the United States Army in manning the AGR force with true professionals, giving them the opportunity for the cross-fertilization which you had mentioned not only in their initial training when they assumed the position but also on a continuing basis in a tactical environment.

Living in Germany pays no combat benefits. It is training in Germany that becomes important, and the same thing holds true in Honduras or Korea or those places where we may have to employ our forces. So I believe sincerely that the AGR force is a professional force and that the things that we are doing are ensuring that. As a matter of fact, the product seems to be that increased readiness of the Army Guard is quite imminent.

General **Ward**. Senator, in that respect, there are two I would highlight from the statement I submitted: First, our AGR soldiers serve under conditions that are quite comparable, but not identical to those of Active component soldiers, and second the interplay of Active folks moving through the Reserve structure has not disappeared. It exists in two respects.

We have little over 1,000 Active soldiers who today serve with troop units of the Army Reserve, and we have another 4,000 Active and some civilians supporting them in the readiness groups. These soldiers live, work, train, and deeply involve their talents day-today with the Reserve units. While they are not assigned to a specific Reserve unit they spread their active duty expertise over, let us say, four maintenance companies and a maintenance batallion. That is, I think, a far better utilization of their skills and experience.

Their experience in these assignments also bubbles back into the Active component and bring with it an understanding of those Reserve-unique kinds of requirements related to geography, the absolute essential element of using time effectively, and all the kinds of administrative peculiarities associated with a force that operates on a per diem basis, and records its training in drills.

Our folks in the Army Guard and Reserve are kind of an interesting group. I have some statistics which I will submit for the record.

[The information follows:]

	USAR	
	Officers	Enlisted
AGR reassignment rate	35 percent	35 percent.
Average time in full-time unit position	39 mo	48 mo
Average time in AGR service	51 mo	55 mo
Average months of AC service	52 mo	36 mo
Average years of RC service	15 yr. 2 mo	15 yr.
Average age of AGR	39 yr.	36 yr.
Average education	16 yr.	13 yr.
Average workweek (excluding drills)	53 hr.	50 hr.
Percent MOS qualified for current position	99.4	99.4 percent.

General **Ward**. Both officers and enlisted have an average 15 years of Reserve component service, counting time in the Active Guard and Reserve Program. They have 3 to 4 years of active duty time. The average age for the officers is 39 and the enlisted is 36. They are 99+ percent MOS qualified, both the officers and the enlisted men.

Thirty-five percent of them are reassigned every year, although only 28 actually move. For instance, some may move to a new job skill in the Washington area, or they may opt to become geographical bachelors and leave their families at home.

Senator **Glenn**. Move to where, within their States or a full-time manning assignment that would be an active duty transfer for them?

General **Ward**. Active duty transfer, a permanent change of station, if you will. They move all over the country. As I said, the only ones who tend not to move are people, for example, in the Washington area who might go from a unit in Belvoir to the Pentagon or something like that. The rest of them are PCS movers based upon the needs of the service, and they will be moving from——

Senator **Glenn**. If that is the case, what is the difference, then, between that and having Regulars assigned to it, because that would break up the unit cohesion that the General mentioned a moment ago.

General **Ward**. Our AGR people are not in command positions. They fill staff positions and mobilization positions. They are reservists familiar with the Reserve System, and that is the stability they bring. They have had 15 years in the Reserve environment. Having been both a Regular officer and a reservist, I can tell you there are some differences, subtle but important, particularly with respect to the kinds of administration required.

So, therefore, our AGR is a kind of unique soldier who had Active component talents set in an environment of Reserve component understanding.

At the same time, you have Active component people who have some understanding of the Reserve System, but in the business of boosting readiness capability, the AGR with his hybrid background works very, very well.

Senator **Glenn**. What percent of these people would be able to go on full-time manning and in effect live at home, stay at home, kids in the same school, rarely get transferred?

General **Ward**. Anymore? Virtually none, sir.

Mr. **Shaw**. In the Army Reserve, Senator Glenn, the PCS rotation rate is slightly more than 28 percent, almost a third, so about every 3 years you are rotating that force.

Senator **Glenn**. I do not see the difference. The unit cohesion goes down the tube if that is the case. In effect, this is back to Regulars being transferred around except that they are called Reserves now.

General **Ward**. Army Reserve AGR's provide stability through their continuing Reserve assignments and expertise.

Mr. **Shaw**. Also, when you have a reservist or a guardsman in that position, whether he stays for 4 years or 8 years, you have a better trained reservist as opposed to someone who is participating in part-time training.

I would like to add, Senator Glenn, because you were requesting that people get off your back on this issue——

Senator **Glenn**. Well, I was a little sensitive to some of the editorials that were against me that I did not appreciate and thought were a little unjustified just for having raised the issue, but that goes with the territory here.

Mr. **Shaw**. There is merit to what you have said. I cannot disagree with anything that General Temple said, General Conaway, General Ward, but at the same time there is benefit to having Active duty people rotate in and out of Reserve units, just as there is benefit to reservists rotating in and out of Active units. That is the way we really promulgate this total force.

I can say, today, that there are Active component people who go into these assignments, and it is considered to be a dead end to their career. Well, it should not be, and we have to move out of that mode. What we do not want to see is an inordinate expansion in the Active component population, because it is very important to have highly trained people from the Guard and Reserve community in these positions.

Senator **Glenn**. I believe we are getting a little short on time here, and we are going to have to end very shortly. We are over our time limit now.

COAST GUARD RESERVE

Admiral Breed, the Antidrug Abuse Act of 1986 authorized the Coast Guard Reserve strength of 14,400. How close are you to that authorized strength level?

Admiral **Breed**. The Antidrug Abuse Act authorized 14,400. We are at about 12,800 right now. Our appropriations for fiscal year 1987 funded us for 12,750.

Senator **Glenn**. Your fiscal year 1988 strength request was only for 13,500. That is 900 below the authorized level. Why did you request 900 less than authorized?

Admiral **Breed**. That is the request contained in the President's budget for fiscal year 1988.

Senator **Glenn**. I am sorry, I did not hear you.

Admiral **Breed**. That is the request contained in the Presidents budget for fiscal year 1988. We have a serious problem in our Selected Reserve strength levels, in that we can only meet about 47 percent of our fill rate as compared to about 90 percent for other DOD Reserve components.

The Coast Guard has a 10-year plan to try to increase incrementally by about 1,150 each year so that in 10 years we can achieve the desired 90 percent level. We have not been historically successful in achieving increased funding levels or authorization levels and we hope to be more successful in the future.

Senator **Glenn**. OK, we are going to have to end.

Gentlemen, I would like to go across, and if anyone has a wrap-up comment and if you can keep it brief, I would appreciate it.

General, do you want to start over here?

General **Salesses**. Yes. As you know, on this FTS and Active component business, there is a right way, the wrong way, and the Marine Corps way, and it just happens that for our service it works extremely well. The currency that we get from the cross pollenization from the Active Force Marines, currency on new weapons, new gear makes it a very successful system for us.

Senator **Glenn**. Admiral.

Admiral **Breed**. Just one other point, Mr. Chairman. Our other critical problem is probably our full-time support. We are at a 1 to 19 ratio at this time in full-time support and particularly with any future success in incremental increases in our Selective Reserve strength we indeed would need the ongoing full-time support to go with that incremental increase.

General **Scheer**. Just one thing, Senator, and that is we are absolutely dedicated to readiness, and the status quo does not fit into that equation. Our current full-time support is all technician, which has served us very well, but if anything would change mission wise that would dictate a change in the mix, we are willing to look at it.

As of now, our readiness levels are at an all-time high, and we see no mission changes coming down the pike that would ask us to take a look at that mix.

Admiral **Kempf**. Senator Glenn, in the Navy we have almost 6,000 Active component personnel that do support the Reserve. I am one of them, and we do get a one-time pass-through with those 6,000. What we lack is the ability to give them repeated tours without killing the person careerwise. If they come before a selection board and they have done a repeated tour in the Reserve, they just have not had time to do all the other things required to be competitive in the active duty list. That really is the crux of our problem.

So we need a balance, and we think we are doing it very well. Our TARs do experience permanent changes of station. We rotate them to give them the experience they need. We had two TARS shot down and were prisoners of war in Vietnam; so they get out and they do everything but consistent deployment. Some of our officers do deploy. One of our TARs was the Chief of Staff to Commander, Middle East Force and just returned from that duty.

So we like the mix that we have, and we feel it is vital to have the experienced TARs that can do repeat tours in the Naval Reserve program without jeopardizing their career.

Senator **Glenn**. General.

General **Dean**. I think the mix we have makes sense. If it were a common pot, you could throw everyone in and pull them out, and we would all have the same MOS, the same requirement, but our AGRs have made it feasible for Reserve units to do Brightstar, to go to Honduras, to deploy, and the 14 percent target of full-time strength mixed between the four elements of Active, AGR, mil techs and some civilians we think, properly managed and given the direction, they have more flexibility in management, that is ideal for the requirements of the combat service support and combat service elements in the Army Reserve.

Senator **Glenn**. Over here at the other end, General.

General **Dean**. I would like to clear up what I think is a misconception among many about the fact that the AGR receives the same benefits as the Active component. He does in pay. His comparable grade, if he is an E–7 he gets the same pay as an E–7 in Active component.

The support structure, however, that the Active component individual has become accustomed to, commissary, PX, medical, is not there. Additionally, he does not have the benefit of the Veterans Administration. He is not considered under VA benefits.

Senator GLENN. Not considered under VA benefits?

General DEAN. No, sir, he is not considered under VA benefits.

So our average AGR is 112 miles away from the Active post where he would get the support that we are thinking of as commissary, medical, et cetera. He is on the economy basically because at that distance he can very seldom avail himself of the facilities.

So that is a big difference, and it is one that our people are accustomed to, and I think it has been a very beneficial program. We need additional support, and we appreciate the support we have gotten from you on it.

Senator GLENN. General.

General CONAWAY. Sir, in the Air National Guard, stability is about the only way I think we can stay in business. Air Force leans heavily on us in this regard. They have some advisors at our units, but not this many.

Our experience level since Vietnam has remained at a higher level than the Active components. It is getting closer now, and I believe almost 70 pecent of our personnel are prior service individuals. So we are around the world every day holding hands with the Active Force.

Our cross-pollenation is basically there. In fact we have so much aircrew experience and maintenance stability, the Air Force has asked us to run some fighter schools and a C-130 schoolhouse we are starting at Little Rock.

I request your support of our drill strength which goes up about 3,000 and is force structure related. Our small AGR and technician growth is tied to increased missions. The Active Forces are asking us to take on some more tankers and pull additional alert. We are doing this at the northern tier first and then we will come down and catch the next tier, which would probably include, Rickenbacker, Pittsburgh and McGuire in the next year or two. As we pull additional lines of alert, it takes a few more full-time personnel.

Your support there would be helpful.

Senator GLENN. Thank you.

General.

General TEMPLE. I would like to close on a response to General Meyers' statement about pushing the noodle up the hill. I recognize that General Rogers of SACEUR and perhaps even General Lucy in Korea and all would like 100 percent of their identified requirements in a forward leaning position in a country ready to fight.

Given the fact that perhaps the American people are not prepared to pay for that, they have made a judgment decision along the way that they are going to rely on the Reserve Forces. I think the evidence is in that that is paying off. Of course, it has taken a bit longer than any of us would have liked, but that has been a matter of constrained resources.

When you take the Guard and the Reserve and you give them an opportunity to demonstrate their capabilities, they are paying off for the American people. I think that is a healthy situation, and I commend to you the fact that as soon as we can get them lifted effectively and into the area of operations that they will perform for the CINCs in those areas.

Senator GLENN. I do not think that I am here to speak on behalf of General Meyers, but I believe that he was questioning how far we could push this, how many more things we can shove on the Guard and Reserve. Good though they may be, there is a limit to what they can absorb and how much of the mission we can turn over to them. I think he was questioning whether we had reached that point or gone a little bit beyond it.

General TEMPLE. We have room for a few more, sir.

Mr. SHAW. I agree. He was not questioning the capability of the Guard and Reserve. I think it is quite important that within the Department of Defense we ask questions like this. We make decisions as we go year by year on the margin. Shall we add this little bit more? Shall we add that? From time to time we have to step back from that and ask what do we have at this point? Is that what we need? Is this going to get us where we want to go?

We are beginning to ask these questions in Reserve Affairs with respect to the Reserve components. It is not a criticism. It is not to tear people apart, but it is to ask the important questions, and if the answer is we are where we need to be, that is the answer, but in order to get that you have to look at the problem.

We are doing that, and we are very pleased, Senator, that you are doing that, too.

Senator GLENN. Thank you. We are all trying to work together on this, and we have to be critical sometimes to get the points out that we want to make to ensure that we are on the right balance and we are all headed in the right direction.

We are committed, gentlemen. There is no doubt about it. You are the ones that are heading up this effort. The Guard and Reserve is not something that we look at as something that you mobilize a year after the war, get it going, put everyone through retraining and do our thing and eventually they come in when the third, fourth or fifth wave of conflict really starts.

It is not that situation now. We are talking days, not years for Guard, Reserve and whatever. Some would be there in the first wave, and so it is not a situation where we just look at this as a nice little backup sometime in the future.

So the Guard and Reserve is something we are dependent upon. You are doing a great job in those areas, and what we want to do is work together on it. I pledge to you my support, and anytime you have something that you are concerned about, let me or the staff here know. We want to work out these things together. We are all trying to get to that bottom line of combat effectiveness, and that is what it is all about.

So thank you all for being here.

[Questions for the hearing record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR PETE WILSON

RESERVE PERSONNEL READINESS

Senator WILSON. I would like each of you to answer this question. Why do we keep adding personnel to the Reserve force structure and keep adding Reserve units to that structure when we do not have enough equipment for the Reserve forces we now have and apparently can't get sufficient training for the personnel already in the Reserves?

Mr. SHAW. Our policy is to maintain as small an active peacetime force as national security policy, our military strategy, and our overseas commitments permit. Thus, we size a force sufficient to meet our national security requirements with a combined total force military strategy. In pursuing that policy, we have placed more importance on, and increased the role and mission of, our National Guard and Reserve forces. Now more than ever, we are counting on our reserve forces in all areas. Our policy with regard to equipping the Total Force has not changed—the first to fight are to be the first equipped. During this administration, approximately $22.5 billion in procurement dollars has been devoted to equipping the Reserve forces. Although shortages remain, we believe the National Guard and Reserve are better equipped now than ever before. Many initiatives have been undertaken and special attention given to ensure that the minimum essential equipment is available for training so that personnel can be properly trained despite shortages in total wartime equipment needs. Based on the data available in the fiscal year 1988 National Guard and Reserve Equipment Report, and assuming the President's Budget is approved, essentially as submitted, we are projecting that by the end of 1990, approximagely 90 percent of our mobilization requirements will be on-hand. While force structure changes must consider equipment requirements, the lack of equipment alone does not mean the changes are not necessary nor justifiable. A carefully balanced equipment distribution is the key to providing maximum capability and readiness when all requirements cannot be fully met.

The training of Guard and Reserve personnel above the 39 days per year required by law is voluntary and predicated upon their individual availability. A significant constraint is their ability to take leave from civilian employment. The availability of training to Reservists is therefore not generally the critical factor, but their availability to it. The average annual training time for Reservists now exceeds 45 days per year and has been steadily increasing. However, we must not lose sight of the fact that individual availability is an inherent constraint of our part-time military force. The Services are taking effective action to ameliorate training time constraints and the effects of geographic dispersion upon training of the Guard and Reserve. School courses are being reconfigured so that Reservists may attend during their Annual Training. Regional training sites are increasingly being used as a means to provide much needed training during weekend drills upon equipment that is not normally available at the unit level. The quality of training is also being increased by these actions. That training is being enhanced through participation in training at the National Training Center and increased overseas deployment training. As the eligible personnel pool continues to shrink over the next few years, it is crucial that our Reserve component units maintain their personnel strength in order that total force mission capabilities can be developed and sustained.

General DEAN. The number of units required is determined by the Army through the Total Army Analysis. A number of factors then determine which component is allocated which units. These factors include the restriction on Active component end strength and projected deployment dates. The Army does attempt to project equipment availability and activate or convert units when equipment is available. The increase in readiness of Army National Guard units indicates that equipment is becoming available. In accordance with Army guidance, Reserve component units are not activated unless they can achieve a C-3 readiness posture. However, because it requires 2 to 3 years for Reserve component units to become trained, the total amount of equipment is not required until that time.

General WARD. Changes in the global balance of power cause shifts in U.S. military strategy to counter new threat situations. This is not a new phenomenon, it is a fluid threat and requires constant update. As the Commanders in Chief (CINC's) of U.S. forces assess the threats in their areas of responsibility, changes in force structure are normally required. The Total Army Analysis (TAA) process assimilates these requirements and develops a force structure to fulfill them. Equipment is allocated based on priorities associated with war plans and the best defense guidance available. However, because of budget constraints, procurement lead-times, and production delays, equipment is not always available when units are scheduled to activate. This is true for both Active and Reserve components. When this occurs in the Reserve, we seek ways to compensate by such equipment and training techniques as stationing near active installations and use of Regional Maintenance Training Sites to share equipment for training. Additionally, we are developing lists of Minimum Essential Equipment for Training to help guide our priorities for distribution and allow effective training to be conducted. We also pursue active training experiences through Overseas Deployment Training and other exercises. Finally, the Army Training and Doctrine Command is preparing Reserve Component configured training packages to assist individual soldiers to maintain their skill qualifications.

Thus, even in those cases when the Army may consciously activate a unit and seek to resource it minimally through the program years, effective training can still take place, and necessary force structure developed to reduce subsequent mobilization time demands.

Admiral KEMPF. It is not appropriate to link directly personnel growth, equipment levels and training. There are several reasons for this. First, a substantive portion of our planned personnel growth is attributable to the increase in active Navy augmentation requirements. Since Reserve augmentation units will use active component equipment at mobilization, they do not require their own organic equipment. Secondly, when an active/Reserve mix decision results in adding a ship or a new squadron to the Naval Reserve force, it is the added equipment that drives the increase in personnel. The addition of ships or aircraft to the Naval Reserve and the transition to more modern equipment, such as F/A-18 aircraft, causes a temporary reduction in readiness and a large demand for training. Lastly, the vast majority of Naval Reserve equipment needs are major items such as ships, aircraft, or rolling stock, that do not involve outfitting individuals.

We are implementing a program to upgrade training in the Surface Reserve Force which is based largely on the successful Naval Air Reserve training program. The Naval Reserve, for the first time, is incorporated in the development of Navy Training Plans. The geographic consolidation of training, using Readiness Centers, will help standardize all Surface Reserve training. Active force school houses are being opened 7 days per week to accommodate the Naval Reserve on weekends. Instead of picking up vacant "A", "C" and "F" school quotas solely on a random basis, the Naval Reserve is now an integral part of the formal Navy school requirement system.

We are working diligently to improve the quality and frequency of meaningful training in the Naval Reserve. We are also working to ensure our reservists have received as much training as feasible relating to new equipment prior to the arrival of that equipment in the Naval Reserve. For example, we establish Selected Reserve units for prospective Naval Reserve ships 1 year in advance to enable unit members to be qualified when the ship is transferred to the Naval Reserve. In summary, any appearance of imbalance between equipment, personnel and training in the Naval Reserve is most likely the result of force expansion or modernization which are necessary to improve our capability and responsiveness.

Admiral BREED. The Coast Guard Selected Reserve is currently authorized a force that meets less than 47 percent of the service's early response manpower mobilization requirement. That manpower shortfall is clearly our most critical readiness deficiency. Over the past 6 years, our end strength authorization has grown only nine percent, or 1,050 personnel.

While we are also very concerned about adequately training and equipping our reserve forces, these problems have not been of the same gravity as our overall wartime military manpower shortages. The Coast Guard has developed a number of initiatives to improve reserve training effectiveness. We are also working closely with the Department of Defense to validate our wartime equipment requirements and develop appropriate logistics support plans.

General SALESSES. The Marine Corps has a Total Force single acquisition objective for the procurement of equipment. Through this objective equipment is fielded to the Active and Reserve Forces concurrently. By 1989, the Marine Corps Reserve is programmed to acquire 93 percent of its equipment and its manpower requirements.

The Marine Corps Reserve consistently coordinates structure and personnel increases with the introduction of new equipment. For example, in fiscal year 1986 we initiated restructuring of the Reserve artillery battalions. This restructuring required an increase from 135 to 183 Marines per battery to accommodate the introduction of the M198 Howitzer. We will begin the standup of a Light Armored Vehicle (LAV) Battalion in fiscal year 1987 to be completed in fiscal year 1988. The standup of this battalion is coordinated with the delivery of equipment (LAV's).

The Marine Corps is satisfying the problem of training personnel by recruiting nonprior service personnel to specific skill vacancies. Each skill vacancy is linked to a Military Occupational Specialty (MOS). Recruiters are not authorized to recruit an individual for a unit without a MOS producing formal school seat. Since the introduction of this policy in 1983, the Marine Corps has enjoyed a substantial improvement in MOS qualifications. We are also beginning to cross train individuals into new MOS's through recently tailored courses of instruction. We expect this effort to reduce our MOS mismatch by as much as 10 percent this decade.

General CONAWAY. Personnel increases in the Air National Guard have been directly related to increased mission requirements. But at the same time, Air National Guard readiness has reached the highest level in our 350 year history. Our units are, for the most part, better equipped and better prepared to do their assigned mission than ever before. Your efforts to modernize our units by retiring 30- to 40-year-old aircraft and replacing 1950's vintage communication gear and other items has been a key factor in our high combat readiness. While it is true that training on this new equipment has been required, we have consistently been able to accomplish it and keep our readiness high. During this growth in mission and manpower, the Air National Guard has remained at 91 flying units.

In fact, personnel growth in the Air National Guard has not kept pace with the new and more complex mission we have been given. The Air National Guard requires additional technician strength to support security, force structure changes, maintenance and medical mission increases generated by the larger share of the national defense burden we are being asked to bear. We can carry our load, but not indefinitely without adequate resources. Every effort has been made to prioritize manpower so that readiness will not be affected. However, without additional manpower support in the near future, problems in safety, security and readiness are inevitable. The Air National Guard requires 284 additional technicians in fiscal year 1988 and 331 technicians in fiscal year 1989 to address our current shortfall. Grade relief must accompany this end-strength relief. Sir, we can train and, with your help, continue to equip our people, but we cannot continue to expand our mission tasking without being given the manpower to accomplish it.

General SCHEER. The Air Force Reserve has changed its force structure and manpower commensurate with the missions directed by the Congress and the Department of Defense. The manning of these new authorizations depends on our ability to recruit, train, and retain qualified reservists. We are upgrading the skill qualifications of these new personnel as quickly as possible through the use of resident technical training and intensified on-the-job training (OJT).

In general, equipment has not been a factor which precludes training our personnel. Only in the weapon system security flights has a lack of equipment, primarily newly authorized M-60 machine guns and night vision equipment, led to a reduction in readiness and a lack of training. As a result of the special appropriations for miscellaneous equipment for the Guard and Reserve, this equipment has been requisitioned and the shortages will be corrected over the next several years.

Personnel in the Air Force Reserve increased from 70,318 at the end of fiscal year 1984 to 78,519 at the end of fiscal year 1986. A large part of that increase was in support units such as aerial port, civil engineering, and medical service organizations. The remainder was due to modernization of the Air Force Reserve with C-5 and C141 aircraft. We will continue to grow in fiscal year 1987 as another F/16 squadron is established and another airlift squadron is converted to C-5s.

Even though we have increased our personnel strength in the Air Force Reserve, the readiness of our units has improved. As the Reserve Forces Policy Board reported in its Fiscal Year 1986 Annual Report, the readiness of the Air Force Reserve's 399 C-rated units increased from 71 percent in 1984 to 77 percent in 1986. I am pleased to report that at the present time 84 percent of our units, including all of our flying units except those undergoing conversion, are now combat ready.

OVERALL MANNING

Senator WILSON. Would each of you provide, as soon as possible statistics showing your component's overall manning compared to your authorized manning, as well as the percentage of authorized positions presently manned by members trained and qualified for the positions they are occupying?

Mr. SHAW. The Defense Manpower Requirements Report for FY 1988 was recently submitted to the Congress in compliance with Section 115(b)(3) of Title 10, U.S.C. The question of manning and trained unit strength is discussed at length in this report. Authorized strengths are dictated by the National Defense Authorization Act for FY 1987. Information from these documents has been extracted for the following table:

	Fiscal year 1987 authorized	End fiscal year 1986 (thousands)	Percent
USAR	319	309.7	97.0
ARNG	453	446.9	98.7
USNR	149	141.5	95.0
USMCR	43	41.6	96.7
USAFR	80	78.5	98.0
ANG	113	112.6	99.6
Total	1,157	1,130.1	97.7

Each of the individual Service component tables contains comprehensive data on programmed manpower structure, overall manning of trained personnel, percent fill of trained personnel by Defense Planning and Programming Categories, and those who are untrained (Individuals) and total authorized end strengths for each year. The Selected Reserve community is unique in that a large portion of the population transfers between civilian job assignments annually and many are former active component service members whose active duty military occupation specialty may not match the unit they join as a Selected Reserve. Consequently, these individuals may be very useful in the event of mobilization but may not be fully trained for the billet they are occupying in their reserve unit. This information is reflected below:

Percent trained/qualified for positions occupied

USAR	72
ARNG	79
USNR	34
USMCR	78
USAFR	74
ANG	67

A truer picture of the Guard/Reserve capability is provided by examining the trained unit strength compared to Wartime Structure Requirements as these are personnel available for mobilization. This information is as follows:

DEPLOYABLE PERSONNEL (IN THOUSANDS)

	Number	Percent
USAR	252	82
ARNG	409	85
USNR	130	91
USMCR	39	91
USAFR	64	99
ANG	109	96

General DEAN. The Army National Guard strength through January 1987 was 446,928. As of 20 February 1987, 79.2% of our personnel are qualified for the Military Occupational Specialty (MOS) position they currently occupy. However, a truer picture of ARNG capability is provided by examining the number of soldiers deployable in comparison to Wartime Required Strength. Combat and combat support units in the Army National Guard are permitted to exceed their Wartime Required Strength to account for those in the training base and to increase the percentage of deployable soldiers in units. Currently the Wartime Required Strength is 480,800 with a Force Structure allowance of 461,600. Of those soldiers, 408,805 or 85% are deployable.

General WARD. As of February 28, 1987, the USAR overall manning compared to authorized manning is that 295,106 soldiers are assigned against 294,875 spaces of our Force Structure Allowance. Of the soldiers (officer and enlisted) assigned 211,747 or 71.8% are Duty Military Occupation Skill (DMOS) qualified for the positions they currently occupy. Additionally, 29,270 enlisted soldiers are in various stages of their initial active duty for training; 16,833 enlisted soldiers possess an MOS but are enrolled in MOS producing courses to become DMOS qualified for their current position, and 37,256 enlisted soldiers are being programmed for DMOS producing courses.

Admiral **Kempf**. Overall manning of the Naval Reserve as of January 31, 1987 was 142,220 of which 19,273 are Full-Time Support personnel, compared to an authorized fiscal year 1987 end strength of 149,486. These 122,947 Selected Reservists account for over 94% of our fiscal year 1987 Naval Manpower Mobilization System (NAMMOS) requirement. As of 30 September 1986, 24,227 of the 71,655 (34%) Reservists assigned to reinforcing and sustaining units, whose readiness is reported under the Reserve Training Support System (RTSS), were considered fully (100%) qualified. Over 70% of the remaining 47,428 personnel are considered partially qualified. These figures do not include personnel assigned to commissioned units as these units report readiness utilizing the Unit Reporting (UNITREP) system which reports training for the entire unit but does not report individual training. The readiness of these units and their attached personnel is comparable to equivalent active Navy units.

Admiral **Breed**. The Coast Guard Selected Reserve was authorized on end strength of 12,850 personnel and funded for 12,750 personnel during fiscal year 1987. As of February 28, 1987, we had 12,758 Selected Reservists (1619 officers and 11,139 enlisted) on board. During 1986, 89 percent of our reserve units were determined to be at least marginally ready (R-3 or better) to perform their mobilization mission. Almost 53 percent were judged to be fully or substantially ready (R-1 and R-2). The Coast Guard's mobilization information system does not currently provide servicewide information on the training and qualification status of individual members.

General **Salesses**. The table below provides data on Selected Marine Corps Reserve manning and authorized manning.

UNIT STRENGTH [1]

	Fiscal years—			
	1986	1987	1988	1989
Authorized manning	42,700	43,000	43,900	44,000
Operating unit on board strength (manning)	38,800	37,600	38,300	38,900
Percent on board	90.9	92.3	91.6	92.7

[1] These numbers include Active component personnel assigned to the Reserve.

The table below reflects members trained and qualified for the positions they are occuping and a comparison for fiscal year 1983 and fiscal year 1986.

PERCENT MILITARY OCCUPATIONAL SPECIALTY MATCH

	Fiscal years—	
	1983	1986
4th Marine Division	69	80
4th Force Service Support Group	52	71
4th Marine Aircraft Wing	64	77

General **Conaway**. At the end of February the authorized strength for the Air National Guard was 115,800 and the assigned, including those in the training pipeline, was 113,800. This equates to an overall manning level of 98.3 percent. Of the 113,800 assigned 100,200 or 88 percent are trained and qualified for the position they are occupying.

General **Scheer**. The overall manning for the Selected Reserve, Air Force Reserve (as of March 31, 1987) is 79,562 authorized and 79,270 assigned (99.6 percent). The percentage of authorized positions manned by members trained and qualified is 91.8 percent. This percentage is based on the unit enlisted program.

FORCE MIX

Senator **Wilson**. Mr. Shaw, and any of you gentlemen who wish to respond, who is and should be responsible for considering and resolving these kind of total force mix issues? I am sometimes concerned that the reserve components continue to seek missions in order to enhance their status, or agree to accept missions because of their "can do" attitude, without full consideration being given to the resulting force capabilities. So I am just wondering how these issues are addressed in the Department and in the Services.

Mr. **Shaw**. Each of the services, working under OSD policy guidance and oversight, has the responsibility to allocate missions between their active and reserve components. The decisionmaking procedures used by each Service are documented in the Defense Manpower Requirements Report that is submitted annually to Congress by OSD.

The Assistant Secretary of Defense (Force Management and Personnel) has the responsibility for setting total force policy and provides OSD oversight of force mix decisions under DoD Directive 5124.2. In exercising this responsibility he works very closely with other OSD offices, in particular, the Assistant Secretary of Defense for Reserve Affairs (ASD(RA)), and the Assistant Secretary of Defense for Health Affairs (ASD(HA)). DoDD 5125.1 describes ASD(RA) responsibility for exercising overall supervision of reserve component matters in the Department of Defense; DoDD 5136.1 describes the medical readiness responsibilities of ASD(RA).

ARMY NATIONAL GUARD RECRUITING

Senator **Wilson**. General Dean, while we will be focusing on recruiting during our next hearing, I want to ask you about Army National Guard recruiting efforts.

I understand the Army National Guard has had for the past several years a very successful recruiting effort in high schools nationwide under a sole source contract which has resulted in an estimated 18,000 recruits a year. I understand the Army National Guard has been told that under the Competition in Contracting Act it may not continue this contract, and the Guard has in the last month advertised for a replacement for this program to be in place at the beginning of the school year in September 1987.

First, are my facts essentially correct, and if so, what is the outlook for successfully having a totally new program in place by September 1987?

How much money, if any, does the Army National Guard believe it will save the taxpayers by cancelling this highly successful recruiting program and replacing it with a new program?

General **Dean**. The facts as you have stated them are true. The new program will not be in place by September 1987. However, a pilot program should be available for school year 1988-89.

The Army National Guard's utilization of the Career Planning workshop has been extremely successful in placing recruiters before over one million high school students as career consultants. The rapport established by this program has resulted in the high penetration of the quality high school market.

The cost is estimated to be $1.1 million more than is currently being spent.

Senator **Glenn**. The committee will stand in recess subject to the call of the Chair.

[Whereupon, at 12:25 p.m., the committee adjourned, subject to the call of the Chair.]

DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEARS 1988 AND 1989

WEDNESDAY, MARCH 18, 1987

U.S. Senate,
Subcommittee on Manpower and Personnel,
Committee on Armed Services,
Washington, DC.

MILITARY HEALTH CARE

The subcommittee met in open session, pursuant to notice, at 9:40 a.m. in room SR-232A, Russell Senate Office Building, Senator John Glenn (chairman) presiding.

Present: Senators Glenn, Exon, Wilson, Symms and McCain.

Staff present: Patrick A. Tucker, minority counsel; Jonathan L. Etherton, David S. Lyles, Frederick F.Y. Pang, and Patricia L. Watson, professional staff members; Debra A. Rice, staff assistant.

Also present: Phillip P. Upschulte, assistant to Senator Glenn; Gregory B. Craig, assistant to Senator Kennedy; Edwin S. Jayne, assistant to Senator Bingaman; Charles C. Smith, assistant to Senator Dixon; Mark J. Albrecht, assistant to Senator Wilson; and Michael Jimenez, assistant to Senator McCain.

OPENING STATEMENT BY SENATOR JOHN GLENN, CHAIRMAN

Senator **Glenn**. The hearing will be in order.

Senator Wilson is on the way. I will go ahead and get started, and I understand he will be here shortly.

The subcommittee meets today for our third hearing on the manpower and personnel portion of the defense authorization request for fiscal years 1988 and 1989. Our hearing this morning will focus on recent progress and initiatives in the areas of wartime medical readiness and peacetime health care delivery in the Department of Defense.

I have been dependent on the military medical system in wartime and peacetime on a personal basis. I know from personal experience that the fighting morale of our military will suffer unless every military member has complete confidence that the military medical system will be able to take care of him or her if they are ever in combat and have problems.

Wartime medical readiness must be the primary mission of the military health care system, but peacetime medical care is also important. We say it is part of the contract with our military people when they sign up that we will take care of their dependents, and they have a right to expect that the Government will keep its word.

There have been problems and dissatisfaction with the delivery of peacetime medical care in the Department of Defense for several years. Dr. Mayer deserves a great deal of credit for his strong leadership in addressing these problems.

I would like to welcome our witnesses to the subcommittee this morning. For our first panel, we are pleased to have Dr. William Mayer, the Assistant Secretary of Defense for Health Affairs; Mr. Dennis Shaw, the Principal Deputy Assistant Secretary of Defense for Reserve Affairs; Lt. Gen. Quinn Becker, Surgeon General of the Army; Vice Adm. Lewis Seaton, the Surgeon General for the Navy; and Lt. Gen. Murphy Chesney, Surgeon General of the Air Force.

For our second panel, we are pleased to have Mr. David Baine and Mr. Joe Quasney of the General Accounting Office. Mr. Baine and Mr. Quasney will be discussing the CHAMPUS reform initiative and the composite health care system.

Gentleman, your statements will be included in the record in full, and I believe Dr. Mayer has some opening remarks before we get into questions.

Before we get started, I wanted to recognize Senator Wilson for any comments he may wish to make.

Senator WILSON. Thank you very much, Mr. Chairman. I join with you in welcoming our witnesses from the Department and from the General Accounting Office to this hearing this morning on military medical readiness and other health care programs of the Armed Forces.

At the outset of this hearing I want to express my continuing concern about the state of our medical readiness. In a few minutes we will hear from Dr. Mayer, and I know that he is going to tell us that significant improvements have been made during the last 6 years. He will be correct in so stating. I commend him for those improvements because I believe that he more than anyone else is responsible for focusing the attention of the Department of the Defense and the Congress on the serious shortfalls in our medical readiness posture.

More important, Dr. Mayer, with the strong support of Assistant Secretary of Defense, James Webb, has not been content with merely focusing attention. He has forced the decisionmakers in the Pentagon and here on Capitol Hill to confront the tradeoffs that must be made.

For example, while we all support the child care facilities for our military personnel, is it more important to build new child care facilities in Korea than it is to build or provide for more hospital beds? While we all support providing the very best peacetime health care for our military beneficiaries can we really afford to have the services spending medical recruiting resources to recruit pediatricians when we have a 70-percent shortage of orthopedic surgeons?

I believe the answer to both of these questions is a resounding no. Dr. Mayer, while not always obtaining the correct answers from the budget decisionmakers in the Pentagon and here in Congress, has always made sure that such decisions were made with the full understanding that there are real risks with our medical readiness posture involved.

I sincerely thank him and commend him for his dedicated efforts.

Mr. Chairman, we have a number of issues to address this morning in addition to medical readiness, including the CHAMPUS reform initiative in which we have a great interest, the acquisition of the composite health care system, requested user fees in military medical facilities, and the possible need for a health professional registration system, to name just a few.

I look forward to hearing from out witnesses and to engaging them in a dialogue on these issues. I am pleased to see that, consistent with your past evident interest in the subject of military health care, you have given that subject early priority in these hearings.

Senator Glenn. Thank you very much.

Dr. Mayer, we welcome your statement.

STATEMENT OF DR. WILLIAM MAYER, ASSISTANT SECRETARY OF DEFENSE FOR HEALTH AFFAIRS; DENNIS R. SHAW, PRINCIPAL DEPUTY ASSISTANT DEPUTY SECRETARY OF DEFENSE FOR RESERVE AFFAIRS; LT. GEN. QUINN H. BECKER, USA, SURGEON GENERAL OF THE ARMY; VICE ADM. LEWIS H.L. SEATON, USN, SURGEON GENERAL OF THE NAVY; AND LT. GEN. MURPHY A. CHESNEY, USAF, SURGEON GENERAL OF THE AIR FORCE

Dr. Mayer. Thank you very much, Mr. Chairman, Senator Wilson, Senator McCain.

I am particularly privileged to have, as you mentioned, Senator Glenn, in addition to the three Surgeons General with whom I work very closely, the Principal Deputy Assistant for Reserve Affairs with me at the table.

In order to permit time for questions and full consideration, as full as possible, of the many issues that are involved, I will limit my comments this morning to just three key issues in the Department's program of improvements: First, the urgently needed increases in wartime medical capability; second, reform of the CHAMPUS program; and third, acquisition of a major automation system for U.S. military hospitals.

Recent cutbacks in dependent and retiree care, particularly in the Navy, have drawn attention to problems in our day-to-day health care delivery system. These are valid, and they must be addressed, but it is a dangerous proposition to redirect public attention solely or mainly toward peacetime health care if in doing so we inadvertently permit further erosion of improvements in medical readiness.

MEDICAL READINESS

Last year in my appearance before this subcommittee I outlined the appalling deficits in readiness for medical equipment and personnel. Mr. Shaw has reiterated in his statement the crippling shortages of equipment which, if permitted to go uncorrected, guarantee that our Reserve component hospitals cannot do their job, cannot save American lives when called upon to do so.

Just to put this in perspective, over the next 5 years for military health care the people of the United States are going to spend in excess of $60 billion. Less than 5 percent of that, less than $3 billion, is necessary to correct our medical readiness deficits. That 5 percent is absolutely crucial.

Senator **Glenn**. Say that again, will you? I am not sure I got the correlation of the figures there. The $60 billion is what?

Dr. **Mayer**. Well, we are spending about $12 billion a year that we can readily identify, even though there is no health budget as you know, but we spend about $12 billion a year right now for all medical activities of the Armed Forces. So in the 5-year program, where predictably even if there is no inflation and no new technology, we are going to spend in excess of $60 billion.

We can correct our major readiness deficits, bring us at least to a minimum level of readiness, by the expenditure of about $3 billion, which is 5 percent of our total expenditures over the next 5 years. That is a very small portion to invest in being ready to go to war.

The cornerstone of our readiness plan is the acquisition of deployable medical equipment, DEPMEDS as they are called in the inevitable Pentagon jargon. DEPMEDS is an accelerated program to acquire enough standardized hospital equipment so that we have enough sets to meet our minimal needs for equipping both Active and Reserve deploying units.

The fielding of this program begins this year, and by the end of this year, by the end of fiscal year 1987, we will have on hand or on order 58 percent of the DEPMEDS, the deployable medical equipment, that we need as a minimum if there is a major war. We will get 33 percent in the rest of the 5-year program, and at the end of 5 years in 1992 we will be just 9 percent short of our basic minimal requirement. That 9 percent is what was cut out of our budget last year.

As I pointed out before, I do not believe that the criticisms which were put forth last year by the General Accounting Office of our DEPMEDS program warrant any reductions at all. Specifically, they criticized the Army's management and fielding of deployable medical equipment, and that has been vastly improved.

Second, they said our planning was not based on joint requirements. It is based on joint requirements, and we have genuine joint planning going on today.

Third, we are taking advantage, maximum possible advantage, of host nation support, but I refuse to put the future health and safety of American soldiers and sailors and marines and airmen in the hands of host nations. So we are eager to use what they can give us, but we have to have stuff that we can absolutely count on, and we do or we will by the end of this 5-year period.

By 1992, all the DEPMEDS that are in our program can be accommodated on American soil, American bases that we either own or can lease. So we have room to place them. The GAO last year said that since we did not have all the final host nation support agreements that we should not go on buying the equipment.

That is a disastrous decision, and if we do go to war and we are short of deployable equipment because we held it up because the GAO thought we did not have host nation agreements sufficient to accommodate it all, I for one want to go on record as saying that this is a responsibility that this administration should not have to take.

We are closely monitoring the storage of this gear both indoors and outdoors. Some of it can be stored outdoors. In fact, the Navy is beginning a detailed test and evaluation of its fleet hospital within a few weeks out at Camp Pendleton.

Mr. Chairman, in answer to the question of what are our most urgent equipment needs and where are our shortfalls, the answer is very simple: DEPMEDS. We cannot permit any further erosion in this vital national program. To do so would be, in the words of my colleague, Mr. Shaw, a death sentence, literally, to many American fighting men in any major war.

There is just no question about it. I do not mean to overdramatize it. It is a simple fact. No matter how many doctors I get, if I do not have operating rooms for them to work in and anesthesia machines for them to use, they cannot work. So I have to have the deployable medical equipment.

The point is that to buy it after you need it means it is going to be 24 to 36 months before you get it. There is no medical pipeline in this country. There are no medical storehouses full of equipment in this country. We are buying it now, and we can make it, and heaven help us if any potential adversary wants to start a war within 5 years because it will take us that long, but we can get there.

CHAMPUS REFORM

With regard to CHAMPUS reform, I want to begin by expressing my profound thanks to Senator Wilson and Senator Glenn in particular for the support we have gotten as we have tried, long overdue, to repair and reform and bring into the late 20th century the CHAMPUS program. We get more letters complaining about CHAMPUS than any other single subject, and they are justified.

I should point out in defense of CHAMPUS that their turnaround time for paying bills, contrary to the mythology that is out there, is better than the average commercial firm. We pay our bills. In a 21-day period we pay over 80 percent of our bills in CHAMPUS. The industry standard is 75 percent.

The CHAMPUS work that is being done in Denver and back here has really turned that system around, but it is still a cause of great concern. So the help that you have given us as we have tried to reform this program has been of critical importance.

Last June we issued a draft RFP. It was strictly a draft. It was very hardnosed. We made a lot of demands in that draft request for proposal for a CHAMPUS reform initiative. We sent it out to over 400 interested respondents throughout the country, and we very carefully reviewed all of their comments. We tried to make adjustments in our draft RFP, and we put out again to more than 400 recipients the final RFP the first of this month.

The adjustments we made are substantial. We have reduced the financial risk, but again we cannot reduce the risk of the contractor and put all the risk on the people of the United States. The trouble with CHAMPUS right now is we pay billed charges. There are no real controls on our expenditures that are working, and our health care costs have escalated even faster than other health care costs, and the thing is out of hand.

So we are going to reduce the risk to the contractor, but we are not going to throw it all back on Uncle Sam. We have worked with the Congress to produce a more realistic, more feasible phased implementation schedule which preserves all the essential ingredients, and those ingredients of this program are regional umbrella contracts, so that there is economy of scale and so that our buying power can be brought into play instead of 100 or more separate little contracts which we could not manage anyway.

Second, voluntary enrollment program, and enrollment is important. The contractors would all like enrollment guaranteed, every person. We cannot do that without absolutely eliminating freedom of choice, so we have saved freedom of choice. There will still be an enrollment portion to this program, and if the contractors are as good as many of them have told us they are, they will, by golly, sign up plenty of people in that program and be able to make a good return on their investment.

Finally, the other major part, CHAMPUS, corrects the fact that there has never been a working relationship between the military hospital and the CHAMPUS system. If we cannot take you in a military hospital, up until now all we have been able to do is say, well, here is a certificate, go get it outside someplace. That is not right. That is not taking care of our own.

What I want to do is set up in the CHAMPUS reform a mandatory daily working relationship between the hospital and the contractor to make sure that patients are steered into our hospitals, the must serious ones, the most complicated ones, and that if necessary in order to fully utilize our hospital, the contractor will have an option to assist us in staffing, especially in the support services where we are mainly short.

A lot of our doctors cannot be fully productive because they do not have enough support, technicians of the kind we did not even know existed 10 years ago, let alone 25 years ago when CHAMPUS was invented.

So we can link the two systems in a way that have never been done before. It will benefit the contractor by letting him steer to us the most costly and complex cases. At the same time, it will make sure that we do not just turn people loose when we cannot take care of them in the military hospital.

Just to give you an idea, about 30 percent of the care given under military auspices is already being given in the civilian community. That is a big piece of money, more than 4 million claims a year. That should be managed like a business, not as a hit and miss thing where the patient just goes out and gets any care they can.

Recent reports by the GAO to the House Armed Services Committee focused attention on the concern that a sufficient demonstration be conducted to assure that our goals are met before moving ahead with full implementation. That is a valid concern.

I have no intention of going ahead and implementing something that we have not evaluated very thoroughly and are convinced is going to do what we set out to do. There will be no phase two contract awards until a thorough demonstration and evaluation of phase one has been completed. The first phase is only a third of the population. In fact, we intend to conduct the first phase of this program for fully a year before a decision is made on whether or not to proceed with the second phase.

The contract contains sufficient checks and balances to address concerns raised by the beneficiary population, and of course they are concerned. With all the problems in the CHAMPUS system today, still any major change is a threatening prospect. So the checks and balances we have are these: We are going to preserve maximum utilization of military treatment facilities. This is a way to guarantee that especially the sickest people will get to our hospitals, our military hospitals.

Second, access to the military hospital, regardless of any program we put into effect, will not be altered. They still have the right to come to the military hospital as long as we have a bed and a doctor to take care of them. We are going to preserve freedom of choice, and we are going to insist on improved quality.

Under the present system, when the patient goes out and picks any doctor in the neighborhood and gets care, or any hospital, I have no way to assure the quality of care that is even remotely comparable to the splendid system of quality assurance that we have in the Armed Forces today. We are conducting a fair and completely open competition. I assure you, contrary to some of the other things we have heard, that nobody has an inside track to this procurement. We are committed to a completely honest, open, careful demonstration phase that has to meet or exceed our expectations for better service, contained costs, and improved efficiency before any decision is made to go ahead.

COMPOSITE HEALTH CARE SYSTEM

Finally, Mr. Chairman, an issue of great importance to me and to the thousands of health care providers and the literally millions of patients that we have is our composite health care system. That is an automated medical information system. As you well know, our efforts to attain this badly needed modernization of health care computer operation go all the way back to 1979. We have pieces of it in most of our hospitals, but since it started we have modified our approach several times, not just once but over and over again actually, to accommodate congressional direction, including the clear desire of the Congress to fully test the VA medical automation elements, which we are very much in favor of giving a thorough test to.

Several key points, though, with respect to our acquisition strategy that need to be reiterated. First, we have complied with congressional direction to initiate both extended benchmark tests as well as operational tests in addition to Veterans Administration system tests, to the point where our total testing is costing $50 million.

Second, to satisfy congressional concern we are willing once again to refine our procurement strategy by selecting not one but two finalists, contractors for the second stage of operational testing. This stage represents 12 months or more of additional on site operational tests before any really final contract award for system deployment is made.

Finally, I am willing to leave the door open for the possibility that our final decision could even be to award two final deployment contracts instead of one if that becomes the ideal way to go as a way of ensuring further the cost effective implementation of this massive system. The system is going to be about $1.1 billion over the 8-year life cycle of the program, so it is a major acquisition.

I am very sympathetic to the desire of the Congress for full and fair tests of major systems acquired by the DOD, and I can assure you that is exactly what you have in the composite health care system. We are complying with congressional guidance. We are running a full and open competition.

As of today, in order to accommodate all these instructions that we have gotten from all sides, our schedule has already slipped a full year. We have been working on automation for 12 years. We have special needs in the military. Every hospital has to communicate its data to every other hospital. They all have to interface with the personnel system and the finance system. They have to work from overseas back to this country.

It is a very complex system. There is nothing on the shelf that remotely compares with it. So far, the VA has not had the same demands, so their system is not quite what we would need, but it could possibly be developed.

It is my duty to inform you that all these delays are not just time and cost consuming. I would like to read you a quote attributed to a man named Mr. John Whitehead, President of Technical Data Systems, who is one of our successful competitors in our extended benchmark tests.

According to a quotation directly printed in the December issue of Modern Health Care Magazine, Mr. Whitehead stated that the DOD payment—mind you, we are spending $50 million on tests—"really serves to offset expenses we already have and ends up being a contribution to profit". Well, that sort of thing just really sets me off.

CONCLUSION

In any case, our principal concerns are procuring the DEPMEDS, the deployable hospitals; reforming CHAMPUS; and completing our procurement of this composite health care automated information system in a cost effective and expeditious way.

I have been accused in other forums of painting perhaps an unrealistically rosy picture of the state of military health care. I suppose when one considers the possibilities for further delay and funding cuts and the intervention of special interests, that is true, but military health care is healthier today as a system than it has been in recent memory through several administrations.

There has been enormous work by these men sitting at the table with me and their predecessors to improve this system both to go to war, which is our first mission, and to take care of the 10 million potential patients we have; 10 million, all retirees, all their dependents, all the survivors and all the dependents of active duty in addition to the 2.2 million soldiers, sailors, airmen and marines.

The truth is that tremendous progress has been made. Programs are in place. It would be very hard to turn off or to turn back. Programs are in place to assure changes in the Active and Reserve components, improvements in our peacetime and wartime medical capabilities.

Please accept my apology for going on so long, but as you know I think these things are just terribly important.

[The prepared statements of Dr. Mayer, Mr. Shaw, Lieutenant General Becker, Vice Admiral Seaton and Lieutenant General Chesney follow:]

PREPARED STATEMENT OF HON. WILLIAM MAYER, M.D.
Assistant Secretary of Defense (Health Affairs)

MR. CHAIRMAN, MEMBERS OF THE SUBCOMMITTEE

I am pleased to have this opportunity to appear before you today to discuss the medical programs of the Department of Defense. With me are the three Surgeons General: Lt. General Quinn Becker from the Army; Vice Admiral Lewis Seaton from the Navy; and, from the Air Force, Lt. General Murphy Chesney.

CHAMPUS REFORM INITIATIVE (CRI)

Last year, when I appeared before this subcommittee, we discussed our plans for a much-needed reform of the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS), beginning in FY 1988. Thanks in large part to the broader authority initiated by this subcommittee and subsequently enacted, we have made much progress since then in developing a concrete plan, obtaining Congressional approval of our approach, and refining our reform design. CHAMPUS Reform has three major objectives. First, it seeks to:

> Improve Coordination by Creating a Military-Civilian Health Care Partnership. This will provide day-to-day operational linkages between military treatment facilities and civilian providers under CHAMPUS. It will improve the ability of the Military Health Services System as a whole to meet patient needs and to do so in a cost-effective manner. Links will include a "health care finder" to assist beneficiaries in finding appropriate care when it is not available in the military treatment facility. Another link will be resource sharing agreements between the contractor and military hospital commanders to provide civilian personnel and resources to increase the

availability of military facility services. The second key objective is to:

Obtain Better Services under CHAMPUS, Especially for Primary Care. A new voluntary enrollment program called "CHAMPUS Prime" will be established. Under CHAMPUS Prime, quality health care benefits will be available from selected providers. The emphasis will be on primary and preventive care, an expanded benefit made possible by this subcommittee's initiative and offered with no more than a nominal per-visit charge. This will give beneficiaries an affordable alternative to overcrowded military hospitals for routine primary care. CHAMPUS Prime will have strong quality standards and no complicated beneficiary claim forms. The third objective is to:

Contain CHAMPUS costs. A new reimbursement system will be established to create the overall management structure and the financial incentives needed to support the military-civilian partnership. The new system will take advantage of DoD's nationwide buying power under a competitive procurement to award a total of six regional contracts -- three in this first phase. The contractors will, for a fixed price, assume financial underwriting responsibility for all CHAMPUS services in the region. The contractors will also establish "preferred provider" networks that will form the partnership with military hospitals and offer CHAMPUS Prime.

I thank you for the support that is assisting in making all of this possible.

The development and further refinement of CHAMPUS Reform has been a monumental undertaking. Before its issuance, the Request for Proposals (RFP) had been in development for more than a year.

Last June, we issued a Draft Request for Proposals (DRFP) and elicited comments and suggestions from throughout the health care industry. This was part of an extraordinary effort to solicit and consider input from all interested parties. We learned much from this process and have made a number of important revisions on our original design.

For example, in response to concerns from industry about the unpredictable demand for health care services from our pool of 9 million eligible beneficiaries, we reduced the financial risk to the potential bidders. Under the prudent phase-in approach advocated by the Congress, we reduced the scope of each contract from about $600 million to an average of approximately $200 million. We have made other refinements to help industry predict, manage, and allocate the financial underwriting risk.

Throughout all phases of CHAMPUS Reform implementation, the existing CHAMPUS program will remain intact. Participation in CHAMPUS Prime will remain voluntary for our beneficiaries. CHAMPUS Reform will pose no threat to continued broad-based provider participation in the current CHAMPUS program.

Other revisions and clarifications have been made to alleviate public misapprehensions about the impact of CHAMPUS Reform. We have reassured retired members that Reform will not reduce care available at military hospitals. We have sought to reassure dependents that this is not an effort to civilianize all military health care. DoD seeks nothing more or less than meaningful, feasible, prudently implemented reform of the means by which we procure the health care which was already being provided in the civilian sector.

The RFP for Phase I of the CHAMPUS Reform Initiative has been issued. Phase I will consist of contract awards in three out of six of the CHAMPUS regions. There will be one contract award for North Carolina and South Carolina, one for Florida and Georgia, and one for California and Hawaii. A fourth contract, covering New Orleans, Louisiana as another test site, will also be awarded in response to specific Congressional direction. Proposals from industry are due back to us at the end of May. We anticipate awarding the four contracts this Fall with actual implementation beginning next spring.

Phase II will then be awarded in the other three CHAMPUS regions. Implementation of Phase II will not be undertaken unless and until results of the demonstration phase indicate that the Reform design accomplishes its intended purposes. For Phase III, contract options would be exercised under the six contracts from Phase I and II to bring all remaining states under the Reform Initiative.

Let me assure you that we are committed to conducting a fair and wide-open competition for CHAMPUS Reform. We are equally committed to ensuring that a careful and true demonstration of the Initiative is conducted during Phase I, culminating in a thorough evaluation of Phase I results before awarding any contracts for Phase II. The continued support of this subcommittee in carrying out this vital program is most appreciated.

MEDICAL READINESS

With respect to improvements in medical readiness, I believe that the Department of Defense has achieved unprecedented improvements in recent years. First and foremost among these is the commitment which I believe is pervasive throughout the military structure to identify and to fix shortfalls in medical readiness. There are many manifestations of this resolve. The most important are our programs to acquire needed equipment and personnel. Substantial resources oyer the next several years have been redirected toward improving medical readiness in these areas.

Equipment

In 1984, the Department made a landmark decision to accelerate the procurement over five years of medical gear needed to assure a minimal wartime medical support capability. In all, over 200 deployable hospitals were programmed to equip active and reserve units. Based on our commitment to Congress in 1982, standardization of equipment comprising these Deployable Medical Systems (DEPMEDS) has been achieved.

In 1986, DEPMEDS funding was increased $125.9 million above the President's budget proposal.

Last year, however, GAO provided interim findings which indicated that inadequate management techniques had been applied by the Services to the various planning and acquisition efforts, and that difficulties continued in obtaining host nation pre-positioning sites in Europe. In particular, the GAO cited the equipment problems that existed with the five pre-DEPMEDS Army General Hospitals in the United Kingdom. Based on these findings, the Congress significantly reduced the FY 1987 funding for DEPMEDS.

While I do not agree that the GAO observations warranted the the funding reduction, the Army has initiated actions to ensure that the deficiencies cited were corrected. A detailed In Process Review has been conducted under the direct supervision of the Army Vice Chief of Staff and substantial management improvements have occurred as a result.

In preparation for your deliberations this year, I want to remind the Committee that the Department's DEPMEDS procurement programs are geared to meet only our minimum requirement. Unified

Command initiatives to obtain increased capability through Host Nation Support programs and expansion of existing facilities are efforts to help reach our maximum requirements and should not be used to justify reductions in our basic equipment program. The major objective of the DEPMEDS program is to provide the United States the ability to medically support U.S. Forces should they be engaged in combat. Storage of our wartime medical equipment at or near the point of intended use is by far the best means of assuring that this capability will be available if required. The Unified Commands are working with the State Department to negotiate with our allies for storage sites. However, we must keep in mind that foreign nations do not always recognize a U.S. generated timetable for execution. While overseas storage is obviously the preferred method, we do have sufficient storage space for these systems in the U.S and at U.S. installations overseas. These would allow us to deploy the hospitals in 30 to 60 days, depending on availability of transportation. If we fail to procure the hospitals, our ability to deploy medical capability will be a minimum of 24 to 36 months. Sufficient inventory does not exist in the medical industrial base of this country today. Therefore, it is crucial that we stay as close as possible to our timeline for procurement of this needed equipment.

Personnel

One longstanding obstacle to achieving true medical readiness, is the problem of personnel shortfalls in critical wartime specialties.

About a year and a half ago, I embarked on a program to focus our medical manpower resources on resolution of the longstanding problem of critical shortages in specific professional specialties. As a first step, I directed the Services to use the Joint Operations Planning System's Medical Planning Module (MPM) as the common method for estimating hospital-based wartime requirements for medical personnel. This action was taken to institute a standardized Tri-Service method that would resolve persistent inconsistencies in the results of methodologies being used by the Services to determine wartime requirements.

As a corollary action, I asked the Chairman of the Joint Chiefs of Staff, in conjunction with the Services, to enhance the then-existing ability of the Medical Planning Module to estimate aggregate theater requirements for physicians so that it could be used to estimate all worldwide hospital-based wartime personnel requirements on a specialty-specific basis. This improvement has been accomplished for the most critical shortage specialties, and work is in progress to further enhance the specialty-level detail of this critical planning tool.

With a standardized method in place for estimating critical specialty requirements, the Department formally instituted a new policy to focus priorities for medical resource programs on resolving the longstanding problem of critical wartime shortage specialties. This policy redirects the composition of the active force towards wartime readiness priorities by limiting physician growth in Service resource programs to the critical wartime shortage skills. For the reserve medical forces, the policy requires the Services to establish medical reserve recruiting programs designed to achieve a substantial and balanced annual reduction of the wartime shortfall of physicians with critical shortage skills and nurses, eliminating these shortfalls in the 5 year program.

My office has also been instrumental in increasing GME sponsored training starts in the critical wartime specialties for Academic Year 1987. The services are committed to trying to make certain that the GME class entering in 1987 will have 39% more starts in critical wartime specialties than the 1985 class.

Very significant results have already been realized from this truly landmark policy change, our efforts to affect the GME mix, and subsequent compliance reviews of Service resource programs. If we went to war today, we would have sufficient physicians to staff our currently equipped medical units. The most recently approved Service programs reflect an increase of nearly 500 surgeons and anesthesiologists in the active component. Substantial funding resources have been added to Service reserve medical recruiting programs that will, if matched with an effective recruitment effort, eliminate the shortage of physician specialists in-theater by 1992, significantly reduce the physician shortfall in the CONUS base, and substantially reduce the overall shortage of nurses. The Secretary of Defense is committed to assuring that the Military Departments execute fully this ambitious program to resolve manpower shortages.

Medical Readiness Improvements in EUCOM and PACOM

In 1984 and 1985, the Department conducted intense studies of medical readiness in these two unified commands. Audits by the DoD Inspector General have confirmed substantial achievement in both theaters of objectives related to command and control and joint contingency planning.

The most significant achievements have taken place in the European theater. A full time surgeon is now in place in the U.S. European Command. The EUCOM Surgeon is AF Major General Monte Miller. Additional medical planners have been added to his staff to assist him in developing integrated medical support plans for war as well as to work for needed theater-wide improvements during peacetime.

The European Command now has in place 34 teams for reacting medically to terrorist attack. These quick response teams have been organized and equipped to respond on short notice with the clinical skills and equipment necessary to provide emergency medical support. They are quick-deploying, cross-Service and multi-disciplinary.

Also in the U.S. European Command, the Services have concluded a successful six-month test of a single logistics support system for all three Services using the U.S. Army Medical Materiel Center in Europe to provide medical materiel support to Navy and Air Force medical units. Because of the significant improvements in order to ship time for medical supplies, a decision has been made to formalize and continue the joint support arrangement in theater for peacetime needs. A study is underway to determine the feasibility of such a system for use in wartime as well.

The availability of air transportation, or lack thereof, has always been a critical factor in our medical readiness— shortfalls. This year I am pleased to report a significant improvement: a decision to bring the Boeing 767 into the Civilian Reserve Air Fleet dedicated to the purpose of medical evacuation. In addition, EUCOM has initiated a plan to use CONUS based C-9's in Europe, and to upgrade the inertial navigation systems for all C-9's for use in a contingency situation.

I have recently returned from an inspection of medical readiness in the Pacific Command. As in Europe, substantial progress has been made. The number of medical planners assigned to the various commands has been increased in accordance with the recommendations of the DoD medical readiness teams. We cannot underestimate the importance of placing medical planners in key jobs throughout the military command structure. Three years ago, for example, medical planning for all U.S. Forces in Japan was performed part-time by an ordinance officer. Today, there is a full time medical service corps officer assigned.

One of our persistent problems in the Pacific command has been the availability of beds for use in a contingency. All three services have programmed large increases in bed capability, beginning next year. Significant near term increases are apparent as well. For example, three Air Force Air Transportable Hospitals in the theater will soon be upgraded from 24 to 50 beds each. In Korea, the 43rd MASH at Camp Humphrey has recently been fully equipped, and a 200 bed Combat Support Hospital has been moved to Korea from the Sagami Depot in Japan.

However, there is still a significant problem with respect to initial medical and hospital support capability for our troops in Korea. The Department is exploring the possibility of augmenting our planned pre-positioning of beds at Sagami by placing currently stored beds in a turn key mode. This would add 2400 beds to our immediately available supply.

A much increased concern for medical readiness is evident throughout the Pacific Command. As in Europe, special contingency medical teams have been formed to respond to terrorist attacks. However, two major problems persist: The lack of a full time Pacific Command Surgeon, and the convoluted and artificial command structure. These two factors combine to create a situation in which in my view it is difficult if not impossible to say with confidence that if required, our medical response would be either timely or adequate much less conducted in accordance with an overall concept of operations for the Pacific Theater.

Strategic Plan

Last year, the Congress directed that we develop an integrated master plan for "...curing the ills of the wartime medical readiness system by 1992." This is a massive undertaking. Obviously, a plan focused towards an issue of such complexity must encompass the entire Military Health Services System. The Medical Readiness Strategic Plan, indeed, will be a total systems approach. I take pride in the fact that the Strategic Plan that I will submit to the Congress later this month will be a product of the Health Affairs staff. Ultimately this plan must, as a minimum, involve all four Services during its development, receive comments and adjustments from the theaters, and be readily perceived as the central planning document for medical readiness. This process, though, will involve several more months. The final Plan will specify new taskings, activate plans currently under development, and provide a basis for us to carefully monitor the competition of all actions. We look to the development and careful staffing of the Plan as obtaining a consensus on the conduct of all medical readiness operations for the 1990s. Currently, the Strategic Plan is being staffed extensively throughout Health Affairs and will be submitted to the Congress just as soon as we have completed this process.

Finally, I am pleased to announce that the first Hospital Ship in many years recently embarked on her maiden cruise. In late February, the USS Mercy departed on a four month training deployment to the Philippines and the South Pacific. MERCY will be staffed by a combination of active and reserve medical personnel who will provide humanitarian medical assistance in connection with this training mission. None of our allies has anything like this capability of a 1,000 bed floating hospital with 12 complete operating rooms, capable of simultaneous use. We in Health Affairs, as is the Navy, are justifiably proud of this accomplishment.

DEFENSE MEDICAL FACILITIES OFFICE (DMFO)

Last year's consolidation of the Service medical construction programs into one defense Medical Facilities Office under the Assistant Secretary of Defense (Health Affairs) has resulted in the desired effect. Now, all medical construction projects, regardless of Service, are reviewed and funds are allocated based on overall Department priorities. Fiscal years 1988 and 1989 budgets represent the first consolidated request for the DoD medical military construction program. Our budget request, now under consideration by the Subcommittee on Installations and Facilities is $309 million for FY 1988 and $414.2 million for FY 1989.

In distributing the medical construction dollars, we have established the Department's policies and priorities (in descending order) of:

(1)--providing appropriate health facilities to maintain the highest degree of combat effectiveness of the military forces;

(2)--providing quality health care to active duty personnel, their dependents, and other authorized beneficiaries;

(3)--providing essential teaching and training of the military medical force; and,

(4)--ensuring that sufficient capacity exists in the event of mobilization or a national emergency.

JOINT MILITARY MEDICAL COMMAND

On February 17th of this year we established the first Joint Military Medical Command (JMMC) in San Antonio, Texas. This joint command is a component of the Air Training Command and has a full time staff. The FY 1988 President's Budget requests the transfer of the appropriate resources from the Army to the Air Force to establish the JMMC, comprised of Wilford Hall USAF Medical Center, the USAF clinics at Kelly, Randolph, and Brooks, and the Brooke Army Medical Center at Ft. Sam Houston, Texas.

The San Antonio Joint Military Medical Command is an important step in the Secretary's desire to manage more efficiently military medical resources. For the first time, it consolidates management of overlapping medical resources within a single geographical area. Our goal is improved patient care, resource management, and graduate medical education. Clearly, the design and success of future joint sharing military medical commands rest on the experiences and lessons learned in San Antonio. We will continue to seek out opportunities for joint sharing in other areas which lend themselves to such an arrangement.

MEDICAL RESOURCE ALLOCATION

As you know, last year's legislation requires the use of Diagnostic Related Groups (DRGs) as a basis for allocating and managing military treatment facility inpatient care resources starting October 1, 1987, and outpatient care resources a year later. We are addressing the several problems associated with using this civilian system with its cost per inpatient case basis that does not currently exist in the Department. Other constraints on the effective use of inpatient DRGs include the several separate appropriations for the Department's medical care and lack of flexibility in moving resources between Services or between appropriations. How we might overcome such problems will be addressed in our inpatient care DRG report to you on May 1, 1987.

The use of DRGs for outpatient care presents additional problems that start with the absence of an accepted and tested outpatient care classification scheme despite a long-term effort by the Department of Health and Human Services and others. We will be carefully evaluating the potential design, costs and benefits as we proceed with this portion of Congressional direction.

PROPOSED TEST OF USER FEES

Independent of all of our initiatives in the Military Health Services System is the inclusion in the budget submission for Fiscal Year 1988 and 1989 of a proposal to test the use of outpatient care fees in military treatment facilities for other than active duty members themselves. It is probable that every Congressional office is aware of the concerns about this proposal that beneficiaries have been expressing. We will be considering those concerns as we plan to meet our responsibility to design and implement such a test.

At this preliminary stage, we intend that the test be a limited one involving only a few military treatment facilities and a relatively small number of beneficiaries sufficient to obtain valid test results. No detail level decisions have been made so that we do not yet know which facilities may be involved, the amount of the fees to be charged, or the types of care to which the fees may be applied. We will proceed carefully, attuned to the need to minimize adverse effects on the military community, both active duty and retired.

COMPOSITE HEALTH CARE SYSTEM

Finally, an area of great interest to me as well as to this Subcommittee, is the the Department's goal to put in place modern automation in the military treatment facilities -- this automation is what we call the Composite Health Care System.

Automation affects every aspect of modern life, but nowhere is it more important than when it is coupled with our responsibility to provide modern health care in support of a mobile active force and their families. Sadly, military hospitals, clinics and medical centers are years behind their civilian counterparts in automating those tedious functions that presently take time away from patient care. And practically no civilian hospitals have the unique set of demands that ours do:

--large and busy outpatient clinics which adjoin our hospitals, providing a constant flow of workload among providers and departments;

--regular and frequent turnovers in staff;

--rigorous quality assurance monitoring;

--frequent relocation of patients from one military installation to another;

--a requirement for communication among installations hundreds or thousands of miles apart on medical conditions of our patients;

-- physicians practicing in remote locations without oversight from specialists;

--hospital supply systems fed by logistics support from outside the hospital itself;

--aging facilities, often spread among separate buildings at the same installation, causing a patient to physically carry his or her records, x-rays or prescriptions from one building to another.

The wartime environment imposes additional requirements as well. Large numbers of casualties must be given care at the front, then moved back to evacuation hospitals and transferred to fixed, full care facilities. Medical information on these patients cannot be lost. Information about the bed space in hospitals and their capability to treat new patients must be updated constantly in order to evacuate these wounded soldiers without delay. Our fixed facilities must retain the capability to move patient information between doctors and support services accurately and efficiently.

The lack of modern automation in our hospitals and clinics only adds to the burden of obtaining quality health care in the military health services systems. I have felt strongly since I first came to office and saw for myself the burden that this imposes on our practitioners as well as our patients, that we owe it to them to modernize both facilities and the systems that support them.

The DoD requirements to meet all of the needs I have described are embodied in the Composite Health Care System. They have been tested for years in demonstration sites which have compared scores of systems to our unique military needs. These requirements and this system will serve as the DoD standard for automation in our hospitals and clinics in both peace and wartime.

We are now in the midst of a competitive process to acquire this system. Over the past few years, the Congress, and this Committee, have monitored the CHCS acquisition process closely, and have provided guidance and direction on the conduct of both the competitive procurement and the concurrent demonstration test of the computer modules now in use by some parts of the Veterans Administration. We are complying with all Congressional guidance concerning CHCS, including last year's requirement for additional testing costing about $10 million over and above the $35 million being spent for the previously scheduled extensive testing and evaluation. Our current schedule calls for deployment of CHCS to 12 operational test and evaluation sites in Fiscal Year 1988.

The CHCS is vital to our health care mission. I am compelled to request your understanding and assistance in assuring that the Military Health Care System receives the integrated medical information system that we so desperately need without further delay. We are rapidly approaching the point at which the needs of our health care beneficiaries and providers have been subsumed by the costly tests and delays in implementation of this system. These inure solely to the benefit of competitors for this project in the computer industry. We are conducting a fair and open competition, and it is time to get on with it.

This completes my opening remarks which are accompanied by an Overview of the Military Health Services System in the event that this information might be of some value to the newer members of this subcommittee.

AN OVERVIEW OF THE MILITARY HEALTH CARE SYSTEM

The purpose of the military health care system is, first and foremost, to provide medical support to U.S. combat forces during war. In addition it provides a quality health benefit to active duty and retired members of the Armed Forces, their dependents an survivors.

The military health care system incorporates over 500 treatment facilities, including 168 hospitals, located in the United States and at U.S. military installations throughout the world. Hospitals range in size from a three-bed hospital in Crete, to several of more than 1,000 beds, and include 18 medical teaching centers (8 Army, 4 Navy, and 6 Air Force).

These facilities are staffed by a total health professional force of 43,854 active duty military personnel. This includes 13,269 physicians, 5,043 dentists, and 12,737 nurses, in addition to veterinarians, optometrists, podiatrists, psychologists, nurse practitioners and physicians' assistants. The enlisted and civilian support staff for these professionals includes nearly 149,485 men and women.

The total beneficiary population of the military health care system is approximately 9 million. This number includes active duty personnel (2.2 million), dependents of active duty, retirees and dependents of retired and deceased personnel. All may seek health care in military treatment facilities.

When care is not available or accessible in a military hospital, it is purchased in the private sector. For dependents and retirees (except those eligible for Medicare) the cost of thi care is financed through payments shared by the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) and the beneficiaries. For active duty members, it is purchased by the Service under a supplemental payment program.

In addition to these major elements of the military health care system, there are medical units in each Service which are organic to the combat unit itself, such as medical facilities aboard ship, battalion aid stations, medical companies and battalions, and air transportable hospitals and clinics.

The President's budget request for medical operations in fiscal year 1988 is about $12.0 billion. This includes approximately $3.9 billion for the Army, $2.3 billion for the Navy, $2.9 billion for the Air Force, and $0.5 billion for the Defense Medical Support Activity. The Government's share of the CHAMPUS program is $2.3 billion and the beneficiaries pay several million dollars as well. More than half of the total health budget goes toward personnel costs, and over 40 percent is spent for health care operations and maintenance. The remainder, about nine percent, is for military construction, research, development and other procurement.

Hospitals and clinics are administered individually by the three branches of the Armed Forces: Army, Navy and Air Force. There is no central administrative entity or authority. Each Service budgets and administers its medical programs differently. For example, in the Air Force, the base commander has direct authority over the clinic or hospital on the base; in the Army, health care facilities in the Continental United States are under the direction of a central Health Services Command; in the Navy, health care facilities worldwide are under the control of regiona divisions of a central Naval Medical Command.

The CHAMPUS program is administered directly by the Secretary of Defense, through the Office of the Assistant Secretary for Health Affairs. The FY 1988 President's Budget proposes that the benefit dollars, totalling $2.2 billion would be appropriated to the Services, while the $85 million administrative costs will remain in the Office of the Assistant Secretary.

The Assistant Secretary of Defense for Health Affairs is responsible for supervision and policy guidance over the medical activities of the three military departments and is the principal staff advisor to the Secretary of Defense for all matters in military health policy and management. These include medical readiness, medical program management, preventive medicine, healt promotion, quality assurance, professional pay, drug and alcohol abuse control, medical information systems. and medical construction projects. As of October 1984, the ASD(HA) was designated as the program manager for all medical resources appropriated to the Department of Defense.

CHAMPUS

CHAMPUS is a cost-sharing health benefits payment program for retirees and all dependents, and survivors of deceased members of the uniformed services. Active duty members of the Armed Forces are not covered by CHAMPUS. Also, Medicare eligibles, including retirees, are not covered by CHAMPUS.

Costs of health care provided under the CHAMPUS program are shared by the Federal government and the beneficiary with the government paying anywhere from 70 to 95 percent of the cost and the beneficiary picking up the balance of from 5 to 30 percent, depending upon his status. For outpatient services, there is a yearly deductible of $50 for one person, or $100 for a family.

Benefits covered under CHAMPUS roughly parallel those available under other public and major private health care plans. These include most inpatient and outpatient health services, a portion of physician and hospital charges, medical supplies and mental health services. Determination of benefits is made by the Department of Defense, often in response to Congressional action. For example, in 1984 Congress directed CHAMPUS to pay for liver transplants, and set a limit on the number of days for psychiatric inpatient hospitalization. More recently, the 99th Congress authorized and appropriated FY 1987 funds for a program to provide routine dental care for dependents of active duty members of the uniformed services. Our FY 1988 President's budget requests $119 million for the first full year funding of this program.

Medical Readiness

The primary mission of our military health care system is to be ready to meet any and all military contingencies. This requires that our military manpower is truly fit for combat and that our military resources--in terms of both personnel and treatment capabilities--meet all requirements for life-saving care, stabilization, evacuation, and follow-on treatment in the event of a conflict. This medical readiness capability is our highest priority.

To comprehend what is involved in being medically ready to deal with casualties in a conventional conflict, one must first understand why the wartime medical support structures vary between the Services.

The Army has the mission of preparing for sustained ground combat. In modern battle, the Army will face an enemy who expects to sustain rapid movement during the offense. Opposing forces will rarely fight along orderly lines with the distinction between rear and forward areas usually blurred. This requires the Army Medical Department to prepare its medical force to support long, vulnerable lines and to provide medical support to the fighting force in multiple types of environments.

To achieve this, the Army must provide the most flexible and mobile medical force possible to shift support with the combat forces. Its medical force structure ranges from the individual field medic and the staff of the Battalion Aid Station, to the clearing station for initial resuscitative treatment, to definitive hospital treatment in an Army hospital.

The three types of Army hospitals in the Combat Zone are:

- o The Mobile Army Surgical Hospital (MASH)--a highly mobile surgically intensive 60-bed hospital:
- o The Combat Support Hospital (CSH)--a semi-mobile facility providing hospitalization for up to 200 patients; and
- o The Evacuation Hospital (EVAC)--a semi-mobile facility providing hospitalization for up to 400 patients in the Combat Zone.

In the Communications Zone, there is the 1,000-bed General Hospital, the semi-mobile 400-bed Field Hospital and the Station Hospital which utilizes buildings of opportunity or tentage and may be either 300 or 500 beds.

The Navy is called on to conduct prompt and sustained combat operations at sea and to provide naval forces for joint amphibious operations. The Navy Department's dual mission requires that its medical force be prepared to support both Fleet and Marine operations. Its medical force structure provides for initial care organic to the combat unit and Battalion Aid Stations.

Marine Support Forces include:

- o Medical Companies--60-bed medical facilities to provide initial resuscitative treatment, and o Hospital Companies--mobile 200-bed resuscitative care facilities.

The Navy's Afloat facilities include Casualty Receiving and Treatment Ships (CRTS)--which approximate the care of the Hospital Company and the Hospital Ship--a 1,000-bed surgically intensive acute care hospital. The Shore-based Fleet Hospitals are designed to complement and expand the afloat medical capabilities of the fleet. The Fleet Hospital program includes both Combat Zone and Communications Zone facilities. Combat Zone Fleet Hospitals are designed in both a 250- and 500-bed configuration, while Communications Zone Fleet Hospitals may be either a 500-bed self-contained deployable hospital or a 1,000-bed pre-sited fixed facility.

The Air Force has concluded that its wartime medical support must be based on the assumptions that a large number of casualties will peak early in a conflict and that war readiness medical materiel assets must be prepositioned prior to the outbreak of hostilities. In addition, comprehensive medical care must be available as close to the battlefield as possible with provisions made for rapid patient evacuation.

The Air Force medical readiness structure can be viewed as four echelons of care, the first being buddy and self care. The second echelon medical unit goes beyond initial care by rendering resuscitative treatment. Initial inpatient hospital care is provided in a field medical facility within the Combat Zone, designed to be functional within 10 days of activation. These third echelon facilities may be either 250- or 500- bed hospitals. Definitive medical care is provided in the fourth echelon by a 500-bed hospital utilizing buildings of opportunity or constructed warehouse sheltering.

As it stands now, our active duty medical force would deploy immediately with the fighting troops to handle the expected massive first wave of casualties; our medical reservists, who under today's system will be needed to meet nearly 70 percent of our wartime needs, are brought on duty and moved as quickly as possible to backfill for and supplement our active duty. But that cannot be done overnight.

In terms of resources, it is extremely difficult to clearly identify those resources in support of medical readiness versus those which support peacetime medical activities. This is due to the complex and divergent methodologies used by the Services in developing their operational budgets.

Americans who looked forward to a lifetime of free health care in return for military service have found instead a system of overburdened medical facilities where care--especially outpatient primary care--too often is not readily accessible.

Military health care facilities handle 1 million admissions and 50 million outpatient visits a year, making DoD's the world's largest health care delivery system.

Military beneficiaries who turn to the private sector for care paid for by DoD's self-insurance Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) find a complex, excessively costly, and outdated health care cost reimbursement system.

It costs both beneficiaries and taxpayers more than it should; it's too slow in paying claims, and it often forces the patient to pay large chunks of out-of-pocket cash "up front" for medical care to avoid being turned away by civilian providers who won't put up with the frustration of fighting CHAMPUS for payment.

Conclusion

The time is now to find better ways to deliver health care, correcting the problems of access and beneficiary dissatisfaction that plague the overloaded peacetime military health care systm.

Virtually all care for our 2.2 million active duty members will continue to be provided in-house as will the vast majority of care for our retirees and dependents.

We are now embarking on a partnership of excellence with civilian medicine to take advantage of today's highly competitive health care marketplace. The CHAMPUS Reform Initiative is designed to use this competitive marketplace to obtain better services for our beneficiaries while containing costs for this care through more prudent management and purchasing techniques.

CHAMPUS Reform will not, however, result in a redirection of services for dependents and retirees in military facilities. Rather, the proportion of total care provided in military facilities and CHAMPUS will remain about 75% military and 25% under CHAMPUS.

The prescription for strength in the military health care system is first, an urgent priority for accomplishing wartime medical readiness, and second, working toward a dynamic partnership with civilian medicine to meet our obligation to provide top quality, cost effective health care to all DoD beneficiaries.

PREPARED STATEMENT OF DENNIS SHAW
Principal Deputy Assistant Secretary of Defense
for Reserve Affairs

Mr. Chairman and members of the Subcommittee:

I appreciate the opportunity you have given me to present a statement on National Guard and Reserve medical readiness. The availability and readiness of medical manpower in the reserve components is a vital concern since more than 50 percent of all the personnel required to provide wartime medical care will come from the reserve components. Within the Army, for example, there are approximately 469 reserve component medical units, which represent 86 percent of the combat medical units and 70 percent of the personnel.

The ability to respond quickly and adequately to a wartime casualty flow has been one of the highest priorities of both the Assistant Secretary of Defense and the Assistant Secretary of Defense (Health Affairs). Members of Secretary Webb's and Secretary Mayer's staffs serve on all the major medical readiness related groups in DoD and co-chair the Reserve Components Medical Council. We are working together to establish definitive wartime requirements for medical personnel on a specialty specific basis and to define the appropriate active/reserve mix, equipment priorities, and evacuation needs under several different war scenarios. The results of a number of these efforts have been included in the January 1987 Report to Congress on Reserve Components Incentive Programs for Health Care Professionals and the March 1987 report to Congress on Staffing of Critical Wartime Medical Specialties.

Medical Readiness Concerns

The casualty estimating process is the starting point for determining readiness requirements and medical force structure, whether it is in the active or reserve components. In prior testimony before Congress, we voiced concern that medical planning has been based on optimistic casualty estimates which projected too few casualties. As key participants, we will continue to review and further refine the process and assumptions used in casualty estimation.

The reality of the relationship between combat medical care capability and casualties is too important to receive less than our top priority. For example, in the Korean War, where the lack of adequate medical facilities precipitated a casualty nightmare, as many soldiers died as were wounded in the first month of the war[1]. This was the highest killed-to-wounded ratio since battles of the Civil War. It it is not unlikely that history will repeat itself in a future, short notice, conventional conflict if planning is based on optimistic casualty estimates.

In 1983, six new programs were established to reduce shortfalls in wartime medical personnel and enhance medical readiness. Specifically, these programs were designed to attract medical school faculty and students into the reserves; to provide flexible training programs compatible with the demanding schedules of medical professionals; to provide annual continuing health care education to each reserve health care officer; to integrate active and reserve forces' medical training; and to integrate active and reserve component medical field training exercises. However, an August 1985 DoD Inspector General audit of reserve component medical manpower found that the Services' programs to attract health care personnel and improve medical readiness was diminished by the accession of personnel by broad category (physician, nurse, etc.) rather than by specific medical specialty. Dr. Mayer and his staff moved quickly to deal with the audit's findings. He directed the Services to discontinue reserve medical personnel accessions in specialties with excess personnel and to reduce current reserve overstrengths in non-critical specialties. He also directed the Services to provide periodic reports on requirements, authorizations, and fill by specialty for both active and reserve components, which included the Standby Reserve and retirees.

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[1] The eventual killed-to-wounded ratio was 1:4.

On the equipment side, the paucity of deployable hospital equipment continues to cripple reserve hospitals and will do so until the Deployable Medical Equipment Sets (DEPMEDS) reach reserve hospital units. The ability of our reserve component hospitals to provide in-theater hospital care in the early days of a short-notice, conventional conflict is not significantly better today than it was at the start of this Administration. This will necessitate out-of-theater evacuation of soldiers who otherwise could be returned to their units after a brief period of hospitalization.

DEPMEDS fielding begins in 1987, but it will take at least six years to complete this program. While hospital equipment shortages eventually can be filled by DEPMEDS, this will only occur if DEPMEDS remains a high funding priority. Unless funds such as the $112.4M cut from the Army's FY 1987 DEPMEDS procurement are restored, medical readiness will remain the pot of gold at the end of the rainbow for many years ahead.

The Army will procure and field the the largest number of DEPMEDS. We and Health Affairs are working closely with the Army leadership to examine its DEPMEDS fielding plans for active and reserve units. The process is a complex undertaking, akin to equipping more than 150 batallion-sized units. We believe that in order to maximize our combat care capability during the fielding process, initial equipping of units should take precedence over modernization. That is, early deploying units that lack equipment, regardless of component, should have a higher priority than units which are combat ready, but whose equipment needs modernizing.

Management Information Innovation

The Office of the Assistant Secretary of Defense for Reserve Affairs has developed two new computer systems to evaluate the reserve unit resource levels. These systems permit an unprecedented level of analysis and have enabled us to begin to "get our arms around " reserve component medical readiness problems.

Particularly important is the system we call the Reserve Unit Priority System (RUPS). This computer data base gives us the ability to access reserve component readiness data, including unit equipment status; manpower requirements, authorizations and size; skill level requirements; and unit mobilization and mission assignments. The RUPS data base is compiled from information in each unit's Unit Status and Identity Report (UNITREP) and is updated quarterly.

We also have developed a more detailed auxiliary system in order to examine and evaluate the manpower status the manpower status of reserve medical units. This system is called the Reserve Medical Management Information System (REMMIS). It permits us to compare current wartime and peacetime medical personnel authorizations with actual manning levels for reserve component medical units. We also can use REMMIS to analyze skill specialties, specialty matches, attributes of skill levels, and shortages/overages against peacetime and wartime authorizations. This data base is complete for the Army Reserve, Army National Guard, and the Air Reserve Forces. The Navy Reserve data is under development.

To offer the Subcommittee an example of the capabilities of the REMMIS, I offer the following analysis. REMMIS data for September 1985 indicates that the Army National Guard is manned at 95 percent of wartime levels overall for medical personnel. The Army Reserve is manned at 85 percent, the Air Guard at 95 percent, and the Air Force Reserve at 91 percent. However, if we examine the manning of individual critical specialties (such as surgeons, operating room nurses, and nurse anesthesists) through the eyes of REMMIS, we find that the percentages are down significantly; and furthermore, of those personnel assigned, even fewer are assigned in their primary specialty[2].

	ARMY RESERVE COMPONENTS		AIR RESERVE COMPONENTS	
Skill	% Manned	% Assigned Primary Skill	% Manned	% Assigned Primary Skill
Physicians	77	48	79	86
Surgeons	66	36	29*	72
Nurses	80	63	85	82
OR Nurses	70	57	74	87
Nurse Anesthetists	46	70	45	94
Technicians	88	60	97	82
OR Technicians	86	58	94	86

* (Note: Additional physicians with surgical specialties are under the primary Air Force specialty designation as flight surgeon.)

Using October 1986 RUPS data, we examined the resource status of Army National Guard and Reserve, and Air National Guard and Air Force Reserve medical units. While specific data are classified, they indicate two important facts:

1. While the resource status of Army Guard and Reserve medical units is nearly equal to other critical service support units, reserve hospitals have the lowest resource status of any service support unit and are virtually incapable of performing their missions due to equipment shortages, personnel shortages, and specialty skill mismatches.

2. The higher resource status reported for non-hospital medical units reflects somewhat better equipment and personnel availability. In particular, the Army's combat zone reserve medical units have benefitted from successful fielding of equipment such as battalion aid station and medical clearing company equipment sets.

This current reserve component hospital readiness situation was confirmed by the Assistant Secretary of Defense for Reserve Affairs last year, when he met with 15 reserve component medical unit commanders. Of the 11 hospitals they represented -- eight of which were early NATO deployers -- none of these units had anywhere near the equipment necessary to perform its wartime mission.

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[2] This data reinforces the 1985 audit findings concerning the need to recruit and man to specific specialty needs.

With the information stored and retrievable from RUPS and REMMIS, we can address personnel specialty shortages and equipment priority issues much more effectively. These two information systems were instrumental in developing the data necessary to identify specialty skill qualification problems in the Army reserve components. As a result, the Army has committed additional dollars for decentralized reserve training and equipment and to the separation or transfer of reserve members who cannot or do not qualify in their skill within established time limits.

Medical Personnel Strengths

At this time, there are nearly 78,000 medical personnel in the Selected Reserve. Included in this number are more than 5,000 physicians, more than 9,000 nurses, and nearly 54,000 enlisted medical technician personnel, as shown in Table 1.

TABLE 1

Selected Reserve
Medical Personnel Strengths*

SPECIALTY	ARNG/USAR	USNR	ANG/USAFR	TOTAL
Physicians	3,045	972	1,236	5,253
Nurses	6,336	882	2,551	9,769
Other Professionals	7,098	1,175	1,299	9,572
Technicians	36,945	7,645	9,169	53,759
Totals	53,424	10,674	14,255	78,353

* *(As of March 31, 1986)*

As shown in Table 2, there are 800 surgeons, 158 anesthesiologists, 1,432 emergency physicians, 699 operating room nurses, and 2,394 operating room technicians within these general personnel categories.

TABLE 2

Selected Reserve
Critical Medical Skill Strengths*

SPECIALTY	ARNG/USAR	USNR	ANG/USAFR	TOTAL
Surgeons**	498	153	149	800
Anesthesiologists	79	40	39	158
OR Nurses	482	58	159	699
Nurse Anesthetists	287	35	90	412
OR Technicians	1,872	49	473	2,394

* *(As of March 31, 1986)*
***(Includes Thoracic, Neuro, Orthopedic and General Surgeons)*

In addition to Selected Reserve resources, there are 2,054 surgeons, 667 operating room nurses and 3,218 operating room technicians available from the IRR, Standby Reserve and military retirees, as shown in Table 3.

TABLE 3

IRR, Standby Reserve and Retired
Critical Medical Skill Inventories*

SPECIALTY	IRR	STANDBY	RETIRED	TOTAL
Surgeons**	717	806	534	2,054
Anesthesiologists	169	204	67	440
OR Nurses	196	223	248	667
Nurse Anesthetists	105	98	237	440
OR Technicians	1,028	6	2,275	3,218

* *(As of March 31, 1986)*
***(Includes Thoracic, Neuro, Orthopedic and General Surgeons)*

These strengths have increased significantly during the past years. As shown in Table 4, since 1983, overall physician and nurse strength has increased in the Selected Reserve by 22.7% and 31.8%, respectively. However, surgeon strength is down 6.3%. Strengths are also up in the IRR.

TABLE 4

Ready Reserve
Medical Personnel Strength (1983-1986)

Skill	SELECTED RESERVE			INDIVIDUAL READY RESERVE		
	1983	1986	% Growth	1983	1986	% Growth
Total Physicians	4,280	5,253	22.7	2,442	4,144	70.0
Surgeons*	854	800	-6.3	396	717	81.0
Total Nurses	7,408	9,769	31.8	2,769	3,788	36.8
OR Nurses	577	699	21.1	152	196	28.9
Nurse Anesthetist	355	412	16.1	91	105	15.4
Total Enlisted	52,045	53,759	3.3	15,138	22,697	49.9
OR Technicians	2,441	2,394	-1.9	539	1,028	90.7

* *(Includes Thoracic, Neurosurgery, Orthopaedic, and General Surgery)*

Critical Wartime Requirements for Medical Personnel

Critical wartime requirements for medical personnel at mobilization include both active and reserve units. Shortages in active duty manning as well as in reserve component units must be made up from the IRR, Standby Reserve, and retired military populations.

REMMIS data indicates the need to prioritize resources in line with unit missions. For example, manning in Army reserve components medical units tasked for early deployment to NATO is no better than it is for all Army reserve component medical units. There are a total of 12,838 medical personnel authorized for all Army reserve component combat zone hospitals. Of these, 2,830 are designated for early deployment to NATO. The percentage of personnel assigned is actually slightly lower for early deploying units (87% vs 88%), and the percentage of personnel serving in their primary skill is similarly lower for early deploying units than for all units (57% vs. 58%), as depicted in the Table below.

TABLE 5

Army Reserve Components
Comparison of Percentages of Medical Personnel Fill
(NATO Early and Late Deploying Units)

Specialty	NATO EARLY		LATE DEPLOYING	
	% Manned	%Assigned in Primary Skill	% Manned	%Assigned in Primary Skill
Physicians	81	38	78	42
Nurses	77	74	82	71
Enlisted	89	56	89	57
Total	87	57	88	58

As shown in Table 6, serious overall shortages of physicians and nurses, as well as critical specialties in these fields, continue.

TABLE 6

Wartime Critical Medical Skill Shortages*

Skills	Shortages
Physicians	7,100
- General Surgeons	1,920
- Anesthesiologists	1,315
- Orthopedics	2,030
Nurses	31,000
- OR Nurses	2,200
- Nurses Anesthetists	1,715
Enlisted	73,000

** (Shortages in current assets from active, reserve and retiree populations, using Service mobilization yields against full mobilization requirements at peak demand after M-Day.)*

Programs Underway to Increase Personnel Strengths

The Department has directed the Services to institute the necessary programs to reduce the wartime shortfall of critical physicians and nurses by 20 percent each year between FY 1988 and FY 1992. During the FY 1988-1989 budget review, significant resources were added to each Service's program to support this goal.

Each of the Services has committed significant recruiting resources to increase needed medical manpower. All Services plan substantial growth in the number of medical recruiters beginning in FY 1988. The recruiters' efforts will be targeted toward wartime specialty requirements for officer and enlisted health professionals.

Two personnel incentive programs, designed to increase the numbers of reserve component health care professionals in critical wartime specialties, were approved by Congress during FY 1986. The Congress authorized a stipend program for selected specialists in training and extended the educational loan repayment program to critically skilled health professional officers of the Selected Reserve. I am convinced these programs will greatly assist us in reducing critical Selected Reserve medical wartime shortages. These incentives are available to commissioned officers who are surgeons in residence, nurses in programs to become anesthetists or operating room nurses, and to qualified practitioners in these specialties. Service estimates, at this time, indicate that by fiscal year 1989, these programs will yield an increase of approximately 3,000 physicians and nurses in these needed specialties.

Both Dr. Mayer and I are committed to working with the professional organizations of the American Medical Association and the American Nurses' Association to increase physician and nurse participation in the reserve forces. We also are committed to ensuring that active and reserve medical units and members train together in peacetime; that the reserve forces participate to the maximum extent possible in command and field training exercises; that interaction occur between military and civilian medical officers at health care education institutions; that medical personnel are provided flexible reserve training opportunities for programs such as WARAMS (Wartime Alignment of Reserve and Active Medical Systems), PRIMUS (Physician Reservists in Medical Universities and Schools) and REFLEX (Reserve Flexibility, which provides opportunities for health professionals to receive reserve pay and retirement points for approved training in lieu of traditional scheduled unit training).

With these programs, and the ability to identify where the shortages are, we can begin to fix the shortages. The size of the shortages, however, remain significant, and additional resources will be required to attract and retain more than 7,000 physicians, and 31,000 nurses (of which nearly 27,000 are medical-surgical nurses).

Key Federal Employee Screening Program

During the 1984 Key Federal Employee Screening program, we reviewed the availability of reserve and retiree military health professionals employed as civilians by the Veterans Administration (VA). At the time, the VA was concerned that the potential loss of up to 17,000 of its civilian employees to a military mobilization would severely tax its ability to provide the DoD with a promised 32,500 hospital-bed surge capacity in wartime. Because a very large percentage of those subject to mobilization were medical professionals and technicians, their skills would be in great demand by both military Services and the VA during a major conflict. In December 1985, the VA determined that its Ready Reserve employees can be made available for mobilization without exception. In addition, the VA's most recent review of military retirees and Standby reservists indicated that very few were critical to VA wartime operations. The VA has committed to the Department of Defense the availability of all of its Ready Reservists and the majority of its Standby Reservists and military retirees. This represents 90 percent of the personnel in these categories. The VA annually reviews its capability to operate with Reservists by requiring each facility manager to develop contingency plans to replace Reservists in key positions.

While the loss of health professionals to a military mobilization would definitely strain their system, the VA has reaffirmed its intention to make every effort provide the 32,500 hospital-bed surge capacity they have promised.

To make beds available, VA Medical Centers will first, through normal processes, discharge patients at the completion of treatment and only admit those with highest priority (service-connected) or those in need of emergency care. Next, VA beneficiaries will be transferred from VA facilities that would serve as primary DoD receiving hospitals, to other VA facilities. If needed, VA would transfer patients to private hospitals under the authority of 38 USC 5011(b).

Age Requirements for Initial Entry and Continued Participation

Increases in the maximum age for appointment and retention of health professionals has been encouraged by the Department. As a general rule, limits on the maximum age at which individuals may be appointed as officers are essential to force management (i.e., to maintain a mix of age, grade, and experience, and to ensure the investment in training can be amortized). However, the appointment of health professionals in their 40s and 50s is warranted in order to reduce shortages of critical wartime personnel. The Department of Defense is working with the Services to examine the benefits.

associated with standardizing the age for initial appointment at 48 years and the maximum age for reserve participation at age 67. This adjustment should enable the Department to increase the pool of eligible qualified professionals in the specialties needed to meet mobilization medical manpower requirements.

Summary

In some respects we have come a long way in the last couple of years. A lot is going on, but we have much further to go in order to be able to assure the American public that adequately trained medical personnel will be available to support our combat forces at mobilization. And, with your continued support, we will reach our goal.

PREPARED STATEMENT OF LT. GEN. QUINN H. BECKER

Mr. Chairman and Members of the Committee, I am Lieutenant General Quinn H. Becker, The Surgeon General of the Army. It is an honor to have this opportunity to appear before your sub-committee to discuss the Army Medical Department (AMEDD). I value your interest and acknowledge the vital role your support will have in the future.

The AMEDD is aggressively pursuing our multifaceted mission of maintaining a physically and mentally fit military force; preparing itself with equipped and trained health resources for combat and contingency operations; insuring a quality peacetime health care delivery system for all authorized beneficiaries; and conducting extensive research to protect the lives of soldiers who are deployed world-wide. The AMEDD system supports each of these missions in its day to day operations.

I would like to thank the Congress for their active endorsement of the programs the AMEDD is pursuing by providing the necessary funds for medical readiness, AIDS research and treatment, and medical enhancement. The additional funding provided for medical readiness last fiscal year permitted the AMEDD to accelerate procurement for Deployable Medical Systems hospital sets. Additionally, the AMEDD was able to initiate staffing actions to correct the serious deficiency at Madigan Army Medical Center which threatened its accreditation. We were also able to provide increased ancillary staffing in the high risk areas of emergency rooms and intensive care units at other medical centers and community hospitals.

Medical readiness is a complex subject which is inextricably related to the peacetime health care structure. It has been and will remain our number one priority. There are critical deficiencies both in equipment and personnel which are especially acute in the reserve components. There are plans and resources approved to alleviate these shortages, however.

Medical equipment shortages have been a long standing problem for the Army. The correction of these shortages is a lengthy process. The programmatic resolution of the hospital equipment problem is the Deployable Medical Systems (DEPMEDS) Program. The Total Army is involved with this initiative. Deployable Army hospital units will be equipped by 1993. Significant progress in meeting other than hospital unit medical equipment requirements has also been made. Medical aid bags, battalion aid station sets, medical clearing station sets, and dental equipment sets have been funded for delivery to reserve component units during FY 1987 and FY 1988.

Progress has been made in implementing new programs designed to alleviate the shortage of reserve component professional personnel. Recruiting force enhancements and recruiting incentive programs designed to attract and retain professional medical personnel have been successful in reducing aggregate shortfalls. Nevertheless, critical shortfalls remain in the "hard" surgical skills, including orthopedic surgery, general surgery, and anesthesiology. Two incentive programs, the loan repayment and the stipend programs, have the potential to reduce significantly our shortfall by attracting the younger professional just entering practice to serve in the Selected Reserve. An initiative to provide a stipend to recruit and retain critical health care professionals for the Individual Ready Reserve (IRR) has been developed. Without such efforts, the known shortfall in medical mobilization will remain. Support of this new stipend will enhance our ability to reduce this critical medical manpower shortage.

We must be more cognizant of a new phenomenon, the terrorist threat that we face in some parts of the world. We have attempted to improve our medical readiness posture in Europe for such situations by establishing triage teams, surgical teams, a disaster area survey team and an environmental sanitation team. We also have a 100-bed contingency hospital located in Europe that can be deployed within 24 hours to respond to any terrorist incident or disaster.

The CONUS Army medical support base has shortages in facilities and materiel to provide medical sustainment to committed forces. In the aggregate, the Army has sufficient capability to handle CONUS generated patients as well as Theater evacuees for a short period of time following mobilization. However, inadequacies exist in health care support at semi-active and state operated installations. Support at these sites will require the assignment of early mobilizing, late deploying medical units or other health care means to provide base support medical care for the mobilizing population. To ameliorate this situation, resources of both Veterans Administration and National Disaster Medical System facilities are available to assist us in providing care for overseas evacuees.

During the past year, the AMEDD continued to execute its portion of the Department of Defense Standardized Deployable Medical Systems (DEPMEDS) program with a goal of fielding the first DEPMEDS equipped unit by the third quarter of FY 1987. In this regard, training teams have already visited this year's receiving units to initiate programs to receive this new equipment. Acquisition of DEPMEDS hospital sets began in FY 1984 with procurement of thirteen sets. Procurement in FY 1985 and FY 1986 provided for an additional 27 and 30 hospital sets. The FY 1988/1989 budget includes funding for 35 more sets. The overall DEPMEDS procurement program is scheduled to be completed in FY 1991 and will provide for 156 hospital sets. The funding stream over several years reflects a reasonable economic level of acquisition that can be properly executed. Two to three years lag time is expected between procurement and fielding.

To reduce the workload placed on the receiving unit, DEPMEDS equipment will be fielded under the total package unit materiel fielding concept. Under this concept, DEPMEDS equipment will be delivered to the unit in a set, including both the medical and nonmedical equipment. To accommodate this process, DEPMEDS training will be integrated into numerous programs conducted at the Academy of Health Sciences and at the unit. This will be one of the largest fielding efforts involving the AMEDD and will result in a high state of medical readiness.

An adjunct to readiness is the training of AMEDD personnel. Graduate Medical Education of our physicians ensures that there are trained physicians available to treat the medical needs of our patients. This means that infants are delivered by obstetricians and fractures are set by orthopedists. The largest source of physicians entering the Army is from the Health Professions Scholarship Program (HPSP) and the Uniformed Services University of the Health Sciences (USUHS). These physicians are not specialty trained when they enter active duty. While they are completing training they are at the same time delivering care to DoD beneficiaries. The Graduate Medical Education environment serves to sharpen and challenge the skills of all participants in the training process as well as providing daily experiences that ensure readiness on the battlefield. To support these training programs, a full spectrum of specialty services is required. These services, ranging from psychiatry to cardiology, serve to attract and retain professionals in these critical skills. History has proven that more casualties result from disease and illness than through combat wounds.

The global spread of Human Immunodeficiency Virus (HIV) and the increasing magnitude of the AIDS threat to public health have justified earlier assessments that this problem has military relevance. The Total Army testing program was initiated in October 1985. The initial testing program for the Active Army will be completed in July 1987, for the Army National Guard in February 1988, and for the Army Reserve in August 1988.

The AMEDD has worked closely with the Deputy Chief of Staff for Personnel to develop a comprehensive program for the evaluation, counseling, and management of infected soldiers in order to ensure their optimal medical care as well as to minimize impact on unit readiness. The care of these individuals has required a considerable amount of psychosocial support regardless of the stage of illness. The more seriously ill require care that is personnel-intensive and very costly. An education program which was mounted early has the promise of being highly effective in reducing the spread of the disease among our personnel. This program consists of a film and briefing presented to all soldiers prior to testing for the HIV antibody orienting them to the known transmission means and the effects of the disease. The education program appears to be contributing to causing a change in sexual behavior which is currently the only known means available to interrupt the epidemic. In fact, the number of cases of traditional venereal disease seen by our sexually transmitted disease clinics has decreased by as much as fifty percent over the past year.

A comprehensive AIDS research program has been initiated in five primary areas. These include: a study of the natural history of the disease; epidemiology of the HIV infection; drug treatment and immunotherapy; vaccine studies; and improvement in diagnostic capability. Through support for intramural projects and approved contract proposals from other federal and civilian institutions over 90% of the previously provided research funds have been committed or obligated. One hundred thirty-eight research proposals have been reviewed, of which 66 were considered scientifically sound. To date, 37 of these have been recommended for funding. All such programs have been reviewed critically to assure that they are mission related, scientifically sound and economically feasible.

Several significant findings have already been made. First, evidence has been found that significant impairment of both immunological and neurological functions may exist early in the course of the infection. Second, studies have shown progression of disease in at least 50% of patients, instead of the 10 to 25 % progression forecast earlier. Epidemiological studies have shown an increasing proportion of women among infected individuals.

Application of new technology for serological diagnostic tests is under study and preliminary results for development of a simpler and more accurate test are very encouraging. Both intramural and extramural drug study programs are under way and plans for vaccine studies are currently under development.

In recent years, there have been many stories in the press critical of military medicine. These reports, along with patient dissatisfaction due to factors such as longs waits, misplaced records, and a perception that Army health care providers don't care, led to the belief by many soldiers and their families that the state of Army medicine was substandard. To correct this situation a program to communicate that Army health care is good and to alter the perception that Army health care providers do not "care" was developed.

The underlying theme of our communications has been "We care". The fundamental strategy of this information program is to communicate with candor. Flaws in our health care delivery system have been acknowledged, and within the limits of our resources, addressed. At the same time, a maximum effort is ongoing to inform our patients about the actions we are taking to provide quality health care to the soldier and his family and to improve medical readiness. The program is in its early stages. Preliminary results are positive. A recent review revealed that Inspector General medical care complaints have been reduced. Two reasons cited for this decline are that medical staff members actively demonstrate concern for patients and that our patients are now better informed about our health care system.

Quality assurance is an ingrained part of the Army Medical Department structure. Today, it permeates every aspect of our medical community. There have been significant initiatives within recent years to ensure safe, high quality medical care. In July 1985, I established a special task force to investigate and report directly to me with regard to systemic issues affecting quality of care, as well as to assess and project potential problem areas. Quality assurance offices have been established at each of the major medical commands and at each medical treatment facility. Army policy has been revised with emphasis on credentialing and review of health care provider performance to include a one hundred percent audit of active component physicians' graduation records from medical and osteopathic schools.

The audit of active Army physicians' and Department of the Army civilian physicians' records has been completed. Overall, this effort consisted of six separate audits ranging from verification of medical school diplomas, American Medical Association profile review, computerized screen of the Federation of State Medical Boards records, to integration of the results of the recent Federal Bureau of Investigation concerning fraudulent medical degrees. These audits were the largest and most comprehensive ever conducted by any Service or by the civilian sector. A total of 5,416 active component records were screened. Three physicians were separated from the Service as a result of this review. Although these results are encouraging, the real benefit of the audits was the establishment of a process which is now in place that should greatly reduce the possibility of an incompetent provider entering our system in the future. An identical review of all Reserve component physicians has also been recently completed. Of 4,289 Army Reserve records screened, twenty-two have been submitted for further legal review; of 817 Army National Guard records, fourteen have been submitted for further legal review. To ensure that the purpose and thrust of these audits are preserved, I have established a branch within my Quality Assurance Office to oversee the continuity of this verification process.

Additionally, our quality assurance procedures have been revised to establish more stringent pre-credentialing and credentialing policies and reporting requirements. The framework of the current program is based on rigid enforcement and documentation of confidential peer review at each medical treatment facility under the explicit and direct oversight of the facility commander. The overall program encompasses patient care assessment, credentialing, utilization review, and risk management activities. The process has been enhanced with the implementation of a micro-computer based Automated Quality of Care Evaluation Support System (AQCESS) designed to streamline information collection and quality assurance decision making. Implementation of this system at all Army medical treatment facilities was completed in May 1986. An Occurrence Screening program focusing on eighteen potential patient care problem areas is included in this system as part of the concurrent risk management review. All of these initiatives require a great deal of time, effort and expense, nevertheless, we believe it is crucial that we expend the necessary resources to provide the best possible health care.

Concern for the patients we serve, our soldiers and their families, is reflected in the Army Medical Enhancement Program, a major program which has been in development for almost two years. The objective of the medical enhancement program is to improve the accessibility and the quality of care in medical treatment facilities. The first objective is the creation of a primary care model for all active duty families. The second objective is to improve the patient appointment system. This includes hiring more clerks and receptionists as well as installing automation to assist in managing the scheduling process while providing excellent data for management. A third objective is to obtain additional ancillary support personnel - nurses, physical therapists, occupational therapists, dieticians, corpsmen, lab, pharmacy and radiology technicians. These additional personnel assets will increase support for physician in the clinical environment, relieve physicians from performing nonprofessional functions, alleviate understaffed situations, increase the effectiveness and efficiency of the health care delivery system, and support the Army Family Action Plan to improve access for military family members to care.

The medical enhancement initiative is a bold program requiring the overall support of the Army Staff to ensure that adequate resources are available to make it happen. This undertaking will provide some 4,000 additional workyears to support medical activities over the next two years. A significant philosophy is reflected in the Army decision to support this quality initiative. It is that the soldier who knows that his or her family is well cared for is a soldier more dedicated to fight on the battlefield. Simply stated, health care for the soldier and his family is a readiness issue.

While the AMEDD is fully committed to improving its medical readiness and peacetime health care, it is also actively pursuing numerous cost containment initiatives. However, to pursue simultaneously medical readiness, improve peacetime health care, and implement cost containment, requires significant tradeoffs, particularly in terms of productivity. For example, AMEDD health promotion programs in support of readiness, such as the Over 40 years of age Cardiovascular Screening Program, physical fitness, field training, and the Exceptional Family Member Program are costly to the direct care system. Additionally, extensive quality assurance efforts are similarly expensive and impact on resources available for direct health care delivery. Therefore, in assessing the AMEDD's commitment to these programs, it is obvious that true productivity cannot be measured exclusively in the traditional peacetime mode. There is a balance that must be maintained between peacetime health care delivery, readiness, and cost containment which meets the needs of the Army and yet adequately reflects true productivity and the proper utilization of resources. The Army, as executive agent for the Tri-Service Performance Measurement Working Group, is developing productivity measures which will promote the efficient delivery of cost effective, quality care as well as eliminate incentives for over-utilization of services. Many additional initiatives have been developed in an effort to reduce or contain health care expenditures without reducing quality and accessibility. These initiatives include emphasis on personal service contracts and demonstration projects. The recently approved demonstration at Ft Drum, New York under which beneficiaries receive inpatient services from the local civilian hospitals is representative of these efforts. The thrust of cost containment in the Army has been and continues to be the reduction of system costs within DoD by reducing Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) usage through increasing use of the direct care system.

One of the most successful cost containment initiatives recently pursued has been the establishment of satellite clinics as adjuncts to the direct care system. These contractor owned and operated Primary Care for the Uniformed Services (PRIMUS) clinics operate as an extension of the local medical treatment facility. Our first PRIMUS clinic located in Fairfax, Virginia celebrated its first anniversary in October. The PRIMUS concept is a highly visible effort to improve access, provide primary care, be cost competitive with CHAMPUS, increase patient satisfaction and relieve overcrowd situations at our Military Treatment Facilities. Services are provided in the community where the beneficiary population resides. The first PRIMUS clinic was well received with demand exceeding the original workload projections. As a result, implementation plans were accelerated from two to four clinics per year. The overall program provides for a total of 26 PRIMUS centers through FY 1992. In November 1986 two more PRIMUS clinics were opened in the Ft Belvoir catchment area. The fourth PRIMUS clinic opened in Savannah in January 1987. Other locations where PRIMUS facilities may be located will depend on active duty strengths and the volume of personnel that reside off-post and who lack convenient access to the on-post health care facility. Competitive bidding has demonstrated that PRIMUS can provide primary care visits at a cost 30% less than the government cost of a CHAMPUS outpatient visit. The soldier does not cost share at the PRIMUS clinic since it is a part of the direct care system.

The AMEDD's research arm, the Medical Research and Development Command, has five research programs focused on the health and safety of soldiers. The research programs seek to improve ways to protect soldiers from infectious disease they might encounter through deployment to endemic areas or exposure to biological weapons; to improve medical care on the battlefield by placing the best tools and techniques in the hands of the combat medic; to protect our soldiers from military environmental health hazards posed by their own weapons, equipment, and vehicles. Other important areas include maxillofacial surgery and wound infection control; and improvements to our ability to medically manage chemical casualties.

Novel approaches to vaccine development employing biotechnology and other advanced technologies are a priority. A recombinant vaccine to protect against shigella and dysentery has been developed and field-tested with promising results. A recombinant malaria vaccine is being evaluated in human trials. Studies of immunomodulatory drugs, such as ribavirin, aim to evaluate drugs that will provide immunity against whole classes of infectious agents.

Several products are being developed to aid surgical management of battlefield casualties. Hundreds of compounds have been screened for effectiveness against chemical warfare agents. Several appear to be more effective than the currently used therapeutic agents, and are undergoing definitive testing. An individual resuscitation device, prototype vital signs and heart rate monitors, and soldier/patient decontamination materials are in development. A skin replacement, a resuscitation fluid replacement system, a field oxygen generating system, blood substitutes, antibiotic-loaded wound dressings, and biodegradable polymeric bone implants and biodegradable fracture fixation devices are examples of other innovative products designed to meet Army requirements.

Studies of soldier performance of military critical tasks are conducted to measure human tolerance of the types of environmental stress most likely to occur in a military environment. Types of stress include heat, cold, altitude, sleep deprivation and sustained operations, and many forms of psychological stress, plus stresses of man-machine interface such as noise, vibration, and exposure to equipment generated toxic fumes. Nutrition, physical fitness, and pharmaceutical interventions are among the major research areas in continuing studies of countermeasures to these stresses.

In conclusion, the Army Medical Department is dedicated to providing the medical care required in combat and peacetime. We are working aggressively to put the systems and policies in place that will ensure we provide quality health care. The progress we have made and are continuing to make is laudable. The future will require flexibility, ingenuity and determination to continue to improve the quality of health care. In an era of evolution for all the medical community, flexibility is the key. In an era of budget and personnel constraints, ingenuity is a must. In an era of scrutiny and reorganization, determination is a requirement. I believe the Army Medical Department to be a superior health care organization - one that the Army and the nation can be proud of. We are personally committed to working with the Congress to see that our mutual goals are attained and that soldiers and their families receive the type of medical care they deserve.

Mr. Chairman, that concludes my prepared statement. I will be happy to answer any of your questions.

PREPARED STATEMENT OF VICE ADM. LEWIS H. SEATON
Medical Corps, USN
Director, Naval Medicine and Surgeon General

Mr. Chairman and Members of the Subcommittee:

I am Vice Admiral Lewis H. Seaton, Medical Corps, United States Navy, Director, Naval Medicine and Surgeon General of the Navy. I appreciate your interest in the medical programs of the U.S. Armed Forces and welcome this opportunity to discuss with you today the goals of the Navy Medical Department for fiscal years (FY) 1988 and 1989.

The primary reason for the existence of the Navy health care system and its first priority is to provide prompt and effective medical care to combat forces in time of conflict and to maintain the health status of active duty members in peacetime. By carrying out this mission, Navy medicine contributes directly to the sustainability of combat operations. Therefore, our top priority objectives for the upcoming fiscal years are: to support the operating forces by eliminating the shortfall in health care provider specialties in the active and reserve components and to continue to ensure the timely delivery of our deployable medical systems. These systems are vital to our ability to meet our wartime medical readiness requirements.

Additionally, we are authorized to provide a wide range of health care services to our non-active duty beneficiaries subject to the availability of space, facilities, funding and staff. A major issue facing the Navy's direct care system is that the demand for health care is outstripping our ability to provide quality care to all authorized beneficiaries while still maintaining medical readiness. This situation has resulted from insufficient manpower and fiscal resources. We have taken actions to close the gap between the increasing demand for medical care and our capacity to meet those health care needs. In the following pages of this report, I will discuss the present status of our medical readiness capability and I will also describe our progress in implementing programs to improve Navy's direct care system.

MEDICAL READINESS

Our ability to medically support our combat forces in major conflicts or other crises rests on an appropriate inventory of deployable medical systems (DEPMEDS). These systems - the hospital ships and the units of the fleet hospital program - will give us the ability to provide medical support close to the site of conflict, the flexibility to tailor medical capabilities to mission requirements, and the responsiveness to provide medical care when and where it is needed. Strategically they form the foundation on which our medical readiness and operational support is built and contribute in a very real sense to our overall defense posture.

I am pleased to announce that the first of two hospital ships, USNS MERCY, was delivered to the Navy in December, 1986. The second ship, USNS COMFORT, is scheduled for delivery in July 1987. With the addition of MERCY and COMFORT to the fleet, there will be an afloat, acute surgical care capability available to support U.S. forces that is second to none.

The primary mission of the hospital ships is to provide a mobile, flexible, rapidly responsive afloat medical capability to provide acute medical and surgical care in support of amphibious and naval task forces. In support of this mission, the hospital ships will be capable of:

- receiving patients suffering from wounds, diseases, or non-combat injuries by means of helicopter or boat while anchored or underway;
- providing on-site emergency and recuperative care to patients until they can be returned to duty or evacuated to other overseas acute care facilities or to the continental United States (CONUS) for further treatment;
- providing an average admission rate of 200 patients per day with an average patient stay of five days;
- providing 12 operating rooms and 1,000 beds and associated medical support. There are 80 beds for intensive care, 20 beds for recovery, 280 beds for intermediate care, 120 beds for light care and 500 beds for limited care; and,
- deploying within 5 days from issuance of sailing orders.

The hospital ships at any point in time will be in either reduced operating status (ROS), full operating status (FOS), or other special operating status. While awaiting the requirement for their service in an operationally related mission, the ships will be maintained in ROS in a CONUS port; USNS MERCY will be berthed in Oakland, California and USNS COMFORT will be berthed on the East Coast. While in ROS, the ships will be manned by a reduced Military Sealift Command crew and by a Navy cadre crew of medical and non-medical personnel. These personnel will become part of the staffs of each hospital ship during FOS.

Within five days from issuance of sailing orders, the hospital ships can be fully ready for deployment. When in FOS, the medical treatment facility (MTF) will by manned by a staff of 1,162 active duty personnel. These personnel will be transferred from shore based commands, primarily Navy hospitals and dental clinics, to fill the billets when the MTF is activated.

A secondary utilization of the hospital ships may be to provide a surgical hospital asset available for use by other U.S. government agencies involved in disaster relief or special operations appropriate for conducting acute care training. In support of such a mission, the ships may be operated at some degree less than their wartime capability. Because of their inherent mobility, flexibility in levels of care, and state-of-the art medical care capability, the ships are available for missions involving natural disasters or mass evacuations from accidents. Under these conditions, the manning of the crew of the ships and the embarked hospitals can be augmented or tailored to meet the specific requirements of the situation. This can also mean that personnel of the Army and Air Force and other professional personnel may be called upon to meet the requirements of a particular situation.

The other major element of our DEPMEDS capability, the fleet hospital program, will have the first six units achieve initial operating capability (IOC) during FY 1987. Four additional units will reach IOC in FY 1988. Delivery of these facilities will provide an additional 4,500 beds for medical treatment of our combat forces in the theater of operation. We are closely monitoring the progress of the program to ensure these assets meet their delivery schedule in FY 1987 and FY 1988 as planned.

The fleet hospital program was conceived to provide a completely equipped, relocatable combat hospital system capable of worldwide deployment in support of Fleet and Fleet Marine Forces (FMF) engaged in combat or contingency operations. The units will be prepositioned, afloat or ashore, as near to the point of planned use as feasible. Shore-based fleet hospitals complement and expand the afloat medical capabilities of the Fleet and play a critical role in the Navy's doctrinal concept of forward deployed theater support.

Using various unit configurations, the fleet hospital program will deliver definitive health care through modular, rapidly erectable medical and surgical facilities. This program bridges the inventory gap that now exists between the combined organic Marine Corps medical capabilities, afloat medical capabilities, and the more comprehensive system of Navy medical facilities and the projected requirements of a conventional war.

The program will accomplish four objectives. First, the hospitals will provide definitive treatment to maximize the return-to-duty of skilled combat personnel so that manpower replacement requirements can be minimized. Second, they will support combat operations at any global location as they can be deployed and erected rapidly. Third, they will fill shortages in medical facilities located outside the continental United States (OCONUS) in areas of potential combat operations. Last, they will reduce the demand for air transportation since both the Medical Evacuation (MEDEVAC) and subsequent troop replacement requirements are reduced.

Navy's approved fleet hospital program includes two types of hospitals; combat zone (CBTZ) and communication zone (COMMZ) with the design of both based on a modular concept. Modules containing capabilities such as surgical suites, intensive care units, nursing units, wards, radiology, blood banks, laboratories, and pharmacies will be combined in various designs to support 250, 500, and 1000 bed hospitals.

The CBTZ hospital is configured in 250 and 500 bed sizes. This hospital's mission is to provide resuscitation and prompt care of patients in the rear of the combat zone. The hospital will receive patients from medical units organic to the combat forces. Patients who cannot be returned to duty within the evacuation policy will be stabilized and transferred to more comprehensive medical facilities, such as the COMMZ hospital, for further treatment and recuperation or for stabilization and transfer out of theater. Given a suitable site, the hospital can be assembled in 8 to 10 days, is capable of operation in a variety of climates, and is essentially self-supporting for sixty days, except for fuel and water.

The mission of the COMMZ hospital, a 500 or 1,000 bed facility located outside the combat zone in a secure location within the theater of operations, is to provide comprehensive medical care, including acute trauma care for combat casualties, recuperation for return-to-duty, and stabilization for personnel requiring MEDEVAC to CONUS. The hospital will receive casualties from medical activities with lesser capabilities, such as, the FMF, Fleet battle groups, CBTZ fleet hospitals, hospital ships, and amphibious assault ships configured to have secondary roles as Casualty Receiving and Treatment Ships.

The COMMZ hospital is capable of continuous, all-weather operation in the communications zone, is medically self-supporting for 60 days, and is designed to support a longer patient stay, i.e., recuperation. This capacity permits patients to be retained in-theater for recuperation for periods consistent with the evacuation policy. For personnel not anticipated to recuperate within the evacuation timetable, the COMMZ hospital will serve as a control, holding and evacuation point for the earliest MEDEVAC to CONUS. COMMZ hospitals will be erected and able to operate within 8 to 10 days.

After delivery, fleet hospitals will be transported to an afloat or ashore prepositioning site. Prepositioning at or near the point of planned operations will help provide for a timely activation to support contingency requirements. When prepositioned afloat, the hospitals will be placed aboard commercial vessels chartered by the Military Sealift Command. These vessels, used as floating warehouses, will deliver hospitals to designated ports when directed. Fleet hospitals positioned ashore will be warehoused in CONUS or overseas and may be stored in buildings of opportunity in host nations. Navy is aggressively pursuing its host nation support program in order to establish firm agreements and dates for prepositioning fleet hospitals.

Navy's program to procure deployable medical systems is a carefully laid out plan to establish sufficient medical assets close to the theater of operations to medically support combat units. In FY 1987, Congress appropriated $80.0 million in Other Procurement, Navy (OPN) funds to procure deployable medical systems, reducing Navy's request by $30.5 million. This budget reduction prevented the procurement of one 500 bed COMMZ hospital and required the conversion of a second 500 bed COMMZ hospital to a 500 bed CBTZ unit. Without adequate in-theater medical support, casualties will have to be evacuated to CONUS thus depriving them of immediate medical care and prolonging their return to active duty.

In total, 10,750 fleet hospital beds have been programmed in the Five Year Defense Plan, are in procurement or delivered (see Appendix I). The President's budget for FY 1988 and FY 1989 requests funds to procure one 500 bed CBTZ hospital. Additionally, $13.4 million and $21.2 million in military construction funds are requested to build fleet hospital storage facilities in FY 1988 and FY 1989, respectively. Your support of these budget requests will enable Navy medicine to continue its progress in achieving its wartime medical goals.

As DEPMEDS come on line, training of our personnel to man the platforms becomes an important priority. Fleet Hospital Operations Training is a newly established course held at the Naval School of Health Sciences, San Diego Detachment, Camp Pendleton, California. This course is designed to teach fleet hospital staff members the principles of fleet hospital assembly and operation in a combat environment. To reach IOC, 40% of the hospital staff must be trained. The remaining staff will be trained as soon as possible after delivery of each hospital. Our goal to train 100% of the staff of each hospital has been achieved for the first fleet hospital. The Camp Pendleton facility which uses elements of a 250-bed CBTZ fleet hospital will train 3,300 active duty and reserve personnel annually. Each of the 20 classes a year will consist of 165 officers and enlisted personnel. Retraining will be provided every third year.

Living in the field, personnel learn to assemble fleet hospital components and become familiar with the equipment in their functional areas during realistic medical exercises. The school site, remote and austere, is largely self-supporting and is representative of the environment that can be expected in the rear of a combat zone. Training is conducted in a phased manner to simulate actual deployment of a fleet hospital. This means a detachment of Construction Battalion personnel arrives on site first and assembles the base camp portions of the fleet hospital. A hospital command team also arrives to supervise the hospital's assembly. Next, an advance party of non-medical and medical personnel reports to assemble the support services portions of the hospital, followed by the rest of the course participants who assemble the medical portions of the hospital. After training for each of these groups in hospital assembly is completed, a medical exercise is conducted to provide experience in operating the facility and its equipment.

Other important milestones have been passed in readiness training:

- At the completion of FY 1986, almost 3,600 Navy active duty and reserve medical personnel, including nearly 2,000 physicians, have received training in the Tri-Service Combat Casualty Care course. This course teaches personnel to function on a battlefield during a mid to high intensity conflict by placing staff in realistic combat situations at forward points in the casualty care system.

- To ensure that the medical treatment facility staff of both hospital ships will function as planned, all members of the FOS crew will undergo a three-part training curriculum which includes orientation training, fire-fighting and damage control training, and a course in shipboard familiarization training.

- Also, the Surface Warfare Medical Institute graduated its first students on 22 August 1986. Training provided by the Institute ensures that medical officers assigned to the staffs and ships of surface warfare units have the necessary education to appreciate the special needs of deployed units and their personnel. Located at San Diego, California and Portsmouth, Virginia, the Institute will hold four week training sessions each summer for those assigned to surface ships for the first time.

- A plan is being developed to expand the use of Physician's Assistants.

RESERVE INITIATIVES

Our wartime medical readiness capability also depends greatly upon the use of Reserve medical and non-medical manpower who will augment or staff most medical platforms upon mobilization. Current staffing strategies call for 12 fleet hospitals to be manned totally by Selected Reserve and Pretrained Individual Manpower personnel. However, today's Reserve strength is significantly less than Navy's projected wartime requirements for Reserve medical personnel. To reduce this shortage, several innovative incentive programs are being implemented by the Director, Naval Reserve to increase the number of Reserve medical personnel.

Two new programs, an educational loan repayment program and specialized training assistance program, have been instituted to increase the number of critically needed medical specialists in the Reserve component. Limited to general surgeons, orthopedic surgeons, anesthesiologists, nurse anesthetists, and operating room nurses, the programs are in their final stages of implementation.

These programs supplement existing efforts to meet wartime Reserve requirements. The Physician Reservists in Medical Universities and Schools and the Reserve Flexibility programs allow alternatives to routine drilling requirements for physicians and other surgical specialties. To fill the need for junior enlisted personnel to serve as basic hospital corpsmen, we use the Navy's Sea and Air Mariner Program in which recruits attend initial active duty training and Class "A" Hospital Corps School.

To assist in the preparation of Reservists to fulfill their mobilization role and to effectively employ their expertise, Navy medicine uses members of the Selected Reserves to provide health care services at medical and dental treatment facilities consistent with the capabilities of the facilities and the Reserves. In FY 1986, medical and dental reservists provided 405 manyears of service in our facilities. This effort to employ the Reserves favorably affects timeliness, responsiveness, and availability of health care services and enhances the readiness capability of the Naval Reservist.

DIRECT HEALTH CARE SYSTEM

As you are aware, the Navy Medical Department has the dual mission of supporting operational forces in war and peace and providing space available peacetime health care to other authorized beneficiaries. Unfortunately, the demand placed on our health care system continues to increase while the resources to respond have not increased commensurately. While it has always been our policy that non-active duty beneficiaries be provided quality care to the maximum extent possible, the health care needs of active duty members must continue to be our first priority. In keeping with this policy, we have established priority commitments for providing health care services. The top priorities are: the operating forces; overseas activities; and isolated CONUS facilities. After these priorities are met, health care services are provided to authorized beneficiaries as capabilities permit. In our constrained fiscal environment, resources are not available to fully satisfy the demands for services by all active duty dependents and retired personnel and their dependents. Let me emphasize that our actions to carefully regulate the number of beneficiaries treated at our fixed facilities are being driven by budget and personnel limits, not by a desire to reduce beneficiary services. These are not choices we wish to make or would make if we had the required fiscal and personnel resources.

As you probably know from your constituents, our efforts to match services with priorities at some Navy facilities have generated dissatisfaction among those unable to receive care in our MTFs. Those we are forced to turn away often perceive a reneging on past promises of care in Navy facilities. Active duty members experiencing out-of-pocket costs for CHAMPUS for their dependents see this as an erosion of a current benefit. To effectively counter these perceptions, we have developed a number of contractual programs to augment the services provided by active duty Navy personnel and civilian employees in our hospitals and clinics. The most recent of these programs is the establishment of four NAVCARE primary care clinics.

These contractor-owned, contractor-operated clinics are designed to help meet the primary health care needs of our beneficiaries by relieving overcrowded naval medical treatment facilities. Open 365 days per year, NAVCARE clinics provide treatment and medications without cost to the patient on a walk-in/no-appointment basis.

NAVCARE clinics are staffed by primary care physicians, physician's assistants, nurse practitioners and licensed practical nurses. They are not intended to be emergency care clinics, rather they provide a broad range of primary care services. Each clinic provides pharmacy, radiology and laboratory services. No surgery, obstetric, chronic illness, optometric, or dental services are offered. Patients with more serious medical problems are referred to nearby naval hospitals for specialty evaluation and treatment where available.

NAVCARE clinics were opened in December 1986 at: Jacksonville, North Carolina; Mayport, Florida; Norfolk, Virginia; and San Diego, California. In FY 1988 we plan to open clinics in

Charleston, South Carolina; Long Beach, California; Norfolk, Virginia (second site); Oceanside, California; San Diego, California (second site); and San Francisco, California. We plan to open four additional clinics each year beginning in FY 1989 through FY 1992 for a total of 26 facilities.

The decision to establish clinics at particular sites is based on several criteria:

- areas with major concentrations of active duty and retired Navy and Marine Corps families where demand for primary care services exceeds the MTF capability;
- proximity to naval hospitals for specialty clinic referrals;
- the number of beneficiaries being referred to the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS).

The length of a NAVCARE clinic contract is one year with an optional two years, for a possible total of 36 months. Contractors for NAVCARE clinics are paid a set fee for each clinic visit. The fee is lower than the government's share of an average CHAMPUS claim for similar care. The costs of operating a NAVCARE clinic may vary across the country depending on utilization and administrative costs differences, however, their establishment demonstrates our commitment to improving access to medical care for military members and their families in a cost effective manner. We need your support to continue this program and to expand it to other locations with a clear need.

Other initiatives to increase beneficiary access to medical care include expanding personal service contracts, general service contracts and the Joint Health Benefits Delivery program.

Personal service and general service contracts allow our hospitals and clinics to hire qualified civilian health care providers on a contract basis and provide professional services in Navy facilities. As an example, we have begun to hire a total of 32 qualified civilian dentists to work in 13 commands in the United States. The Joint Health Benefits program permits civilian health care providers participating in CHAMPUS to treat CHAMPUS eligible beneficiaries in Navy hospitals and clinics rather than in the provider's private office. Under this program, the facility provides office space, ancillary services, and administrative support to the provider. The provider agrees to accept a percentage of the CHAMPUS prevailing rate and the beneficiary incurs a co-payment for the service, as he or she would under other CHAMPUS-funded programs.

Funds to pay for Navy's share of CHAMPUS benefit payments are included in the Operation and Maintenance, Navy appropriation request for FY 1988 and 1989. We have begun a planning process on how to implement this program. Our objective is to develop a systematic approach to delivering health care that will provide long-term solutions and make the most efficient use of available resources.

QUALITY ASSURANCE

The quality of Navy medical care is under constant review whether the patient is the President of the United States or the newest recruit. During the past few years, we have undertaken several initiatives to strengthen our existing quality assurance (QA) program. Stringent accessioning requirements, provider credentialing and external peer review of hospital records are paying off. The quality of care provided is high and getting higher. According to statistics compiled by the Office of the Assistant Secretary of Defense (Health Affairs), the rate of malpractice claims against DOD is about half that found in the civilian community. In fact, over the last two years, there has been a significant reduction in the number of malpractice claims filed against the Navy. Further, there has been a reduction in both the number of judgments and the dollar amount of these awards. During FY 1986 there were 192 claims filed against Navy. This is down from 230 in FY 1985 and 271 in FY 1984.

To resolve an identified problem area in our QA program, last year we promulgated instructions on the quality of health care provided to operating forces in sick bays aboard ships and in medical and dental units supporting the FMF. The instruction requires a quality assurance program of sufficient scope to identify and resolve problems so that patient care in the operational forces will continually improve. The directive applies to all credentialed and noncredentialed health care providers assigned to the operating forces and defines credentialing and privileging procedures. It requires an annual evaluation of each noncredentialed health care provider and mandates that a yearly report on actions taken to correct identified problems, which adversely impact on patient care, be submitted to the Fleet Commander-in-Chief or to the Commandant of the Marine Corps, as appropriate.

Another area of attention in the QA program is staffing of our emergency rooms (ERs). We want to raise the level of service provided in emergency rooms at some of our hospitals and need trained manpower to do so. If existing ERs cannot be staffed to meet standards set by the Joint Commission on Accreditation of Hospitals (JCAH) for their designated level, then they will be converted to 24-hour acute care clinics.

Providing the desired level of emergency medical services at all naval MTFs is manpower intensive. Physicians, nursing personnel, and enlisted staff have been reassigned from other clinics to the emergency room in order to comply with requirements set by JCAH to ensure acceptable standards of emergency medical services. In spite of these efforts, we still lack enough physicians trained in emergency medicine to staff our ERs at the desired level. Until sufficient emergency medicine specialists are trained and on active duty, we plan to contract for emergency room staff. In the FY 1988 budget, $23.1 million has been requested for this initiative. These contracts will ensure that Navy has the professional expertise to operate our ERs. As physicians are trained or recruited to fill positions in emergency medicine, we plan to allow these contracts to expire. Your approval of our request for additional resources to staff our ERs will help to alleviate one of our most pressing quality assurance issues.

MANPOWER

People, both active duty and Reserve members, are our most critical asset. Day in and day out members of the Navy health care team are providing quality care around the world. They are delivering a service that our beneficiaries have come to expect as a right. Not surprisingly, beneficiaries openly express their discontentment when those services are no longer available. If we are to continue to maintain a healthy fighting force and to simultaneously provide the level and quality of care that Department of Navy beneficiaries anticipate, then we must have the funds and personnel to do so. Authorizing these resources lies within your jurisdiction. I earnestly solicit your approval of Navy's budget and endstrength requests so that we may continue to provide quality health care to our operating forces and other eligible beneficiaries.

Congressional end strength and funding reductions have had a direct impact on our ability to care for all those seeking care in our health care system. For the period FY 1984 through FY 1987, Congress has approved only 60% of Navy's manpower requests. These requests have represented a balanced program; the Navy Medical Department must take its fair share of any endstrength changes. That means that staffing for Navy MTF's must be accomplished within the medical department's share of overall Navy endstrength. Therefore, the larger the reductions made by Congress, the more our ability to provide direct care is constricted.

In addition to Congressional manpower reductions, other program commitments have occurred which limit the availability of staff in our facilities. Examples include the increase in operational deployments and training missions for health care providers which impacts critical surgical and surgical support services. Implementation of quality assurance guidelines requiring physicians to more closely supervise the care delivered by non-physician health care providers and the adjustment of physicians' workloads to comply with established standards of care have improved the quality of health care, but have also restricted the availability of services to non-military beneficiaries. The training for our deployable medical systems also takes away from our ability to provide direct care to non-military beneficiaries. These factors in combination with the growth in our beneficiary population and the fact that Defense Guidance restricted active duty manpower programming to meet wartime mission requirements present a graphic explanation of why our ability to provide the care sought by all authorized beneficiaries has been diminished.

CP/HP

Last year we undertook an initiative that will significantly enhance Navy medicine by improving personnel management. Navy physicians will now be able to have a full career in clinical practice as a Clinical Professional (CP) or compete for selection into command and executive management billets as a Healthcare Professional (HP). This change is designed for career development which will improve the quality of health care and the management effectiveness of our health care system.

The Clinical Professional program offers Medical Corps officers the opportunity for full careers (including promotion to flag rank) in positions practicing clinical medicine, teaching or supervising the practice of medicine, and medical research. It encourages the clinical practitioner to concentrate on patient care without being burdened with concerns about facilities, equipment and support requirements. The Healthcare Professional program, a career path from commander to flag rank, is designed to utilize senior officers in executive and management duties in health care facilities, health care systems management, and related support functions including duty as commanding officers, executive officers and resource managers. The Commander, Naval Medical Command and commanding officers of naval hospitals, for example, will all be HPs.

A screening board will meet at least annually to screen records of individuals for selection into the HP program. For the first year of the program, all medical department officers in the grade of commander and above were screened for selection to the HP career pathway. Officers from communities outside the medical department, in the grade of commander and above, were also solicited for volunteers to compete for selection with medical department officers. Those officers selected will convert to the Medical Service Corps and follow the HP career path, if proposed legislation to permit an in-grade transfer is passed.

A standing board will meet at least annually to make selections for HPs based on the candidates referred by the screening board. The first standing board also approved the billets to be occupied by HP designated officers. Candidates selected by the standing board and approved by the Secretary of the Navy are invited to become HPs. Entry into the program is voluntary.

Medical Corps officers will remain CP unless they specifically request and are invited into the HP pathway. Officers in the Nurse Corps, Dental Corps, or health care and science subspecialties of the Medical Service Corps, who do not request HP or whose request for HP is not approved, remain in their present professional communities. HPs enter a separate competitive category upon designation and compete for promotion within that category.

The hallmark of the CP/HP program is that the practice of clinical medicine will be conducted by physicians who work for physicians. Medical practice policy will originate at the Office of the Director of Naval Medicine, be implemented through the Director of Medical Practice at the Naval Medical Command, and be executed by the clinical professionals who comprise the medical practice group at each MTF. The CP officer-in-charge reports directly to the Director of Medical Practice and, in an additional duty capacity, to the facility's commanding officer as Medical Director of the MTF.

In the HP track, medical department support policy will be provided by the Office of the Director of Naval Medicine. Medical department support management will flow from the Naval Medical Command to commanders of regional geographic commands to commanding officers of MTF's. Facility, resource, equipment and non-CP personnel support of the medical practice unit will be the responsibility of the MTF commanding officer.

NAVY TESTING PROGRAM FOR HUMAN IMMUNODEFICIENCY VIRUS (HIV)

The spread of acquired immune deficiency syndrome (AIDS) presents a major public health crisis with special problems for the military services. Our program to test all active duty Navy and Marine Corps personnel for the causative agent of this disease is expected to be completed by May 1987. As of December 1986, approximately 531,400 members or 70% of the force have been tested. Disposition of those testing positive is dependent upon a clinically based staging system. Members testing positive who are asymptomatic are retained on active duty and assigned in CONUS near naval hospitals. Those with a clinical manifestation of the disease are placed on the temporary disability retired list and continue to receive military medical care.

We have given high priority to educational programs as a means of preventing exposure to the virus. Pamphlets from the Centers for Disease Control have been sent to all MTFs and ships as part of our prevention program. Navy Family Service Centers are also distributing information on AIDS prevention.

DENTAL PROGRAMS

The Navy Medical Department has consistently supported the need for a dental health care plan for dependents. Because of our limited ability to provide dental treatment on a space available basis to non-active duty beneficiaries, we are pleased that Congress provided funds in FY 1987 to implement a dental insurance program for dependents. The program allows active duty personnel to voluntarily enroll their dependents in an insurance plan that

provides for diagnostic, preventive, emergency and basic restorative dental services. The President's budget for FY 1988 and FY 1989 contains funds to continue this initiative. We hope Congress will act favorably upon this request.

Another important initiative begun last year was an effort to collect and maintain duplicate dental radiographs for Navy and Marine Corps members. Following the Long Commission report on the 1983 Beirut disaster, it was determined that dental panoral radiographs, the means to identify deceased remains, should be duplicated and stored in a central repository. The need for duplicate dental radiographs to be stored away from the original dental record was emphasized by the crash of a chartered DC-8 in which 248 members of the Army's 101st Air Borne Division perished. Dental records and any duplicate radiographs were on this same aircraft. Their loss made the process of identifying the deceased more difficult.

The Assistant Secretary of Defense (Health Affairs) (ASD (HA)) directed that all active duty members have a duplicate dental panoral radiograph on file for forensic identification by 1 October 1987. The Navy strongly supports this program and has transferred resources to the Defense Medical Systems Support Center for the purpose of receiving, indexing, storing and retrieving the duplicate records. As of February 1987, we have completed over 46% of the active Navy and Marine Corps population and have initiated a program to include all of the Navy Reserve components.

COMPOSITE HEALTH CARE SYSTEM (CHCS)

Navy medicine is cooperating fully with ASD (HA) in acquiring and implementing CHCS. Two Naval hospitals, Charleston and Camp

Lejeune, have been selected as Navy's CHCS test sites. Once operational, CHCS will provide integrated automated support to hospitals, clinics, and selected dental facilities for patient administration, patient care, and ancillary support functions. It will also absorb current automated support to the quality assurance and credentialing functions. Installation of CHCS will provide much needed automation to all patient care areas in our treatment facilities.

SUMMARY

Mr. Chairman, this is the last year that I will serve as the Director of Naval Medicine. I feel privileged that I have had the opportunity to serve in this capacity for the last four years. I am proud of the accomplishments we have attained over this period. We have produced a comprehensive strategy encompassing manpower and deployable medical facilities to address our contingency posture in the years ahead. We are now at a turning point in our medical readiness capability with the delivery of the first units of our deployable systems. We have recognized weaknesses in our direct care system and acted decisively to put corrective programs in place. At the same time, we have initiated innovative approaches to maximize the care we provide within available resources.

Despite these achievements, however, we still face future challenges in determining the best means for fulfilling our dual wartime and peacetime missions. To reach our objectives, we require the assistance and understanding of Congress. We must have the flexibility to make changes when and where needed and, above all, we must have the resources to carry out those changes. I request your support for the dedicated members of the Navy Medical Department so that they may continue to provide their best efforts in delivering quality health care to all our deserving beneficiaries at home and abroad.

FLEET HOSPITAL FUNDING ($ in millions)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
OPN	72.8	56.9	66.8	69.2	75.1	0	24.7	58.0	29.7	0

FLEET HOSPITAL PROCUREMENT SCHEDULE

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
250 CBTZ	2	1								
500 CBTZ	2	2	3	2	2		1			
500 COMMZ				1	1					
1000 COMMZ								2	1	
Totals	4	3	3	3	3	0	1	2	1	0

APPENDIX I

PREPARED STATEMENT OF LT. GEN. MURPHY A. CHESNEY
The Surgeon General, USAF

Mr. Chairman and Members of the Subcommittee:

I am pleased to appear before you to discuss activities of the Air Force Medical Service.

I will briefly discuss the status of various programs and activities underway to ensure that the Air Force meets its mission requirements and provides quality health care services. I will address medical care to dependents and retirees, quality assurance, our in-service management plan for CHAMPUS funding, implementation of the CHAMPUS dental program and medical readiness.

Medical Care for Dependents and Retirees

It is my current policy that services offered in Air Force health care facilities will not be reduced according to the beneficiary category of the person receiving care. It is not my policy to reduce services explicitly for dependents and retirees. That is not to say we are currently meeting all of the health care requirements for the more than 3.2 million beneficiaries who reside near Air Force medical treatment facilities. We are not meeting all of these needs because of resource shortages, especially manpower. Nevertheless, we have not cut back on care to entire categories of beneficiaries because of these shortages. However, the Congressionally mandated officer cut directed last year will exacerbate this problem.

This reduction will effect 1%, 2% and 3% officer reductions over the next three years. Members of the Medical Service are not exempt from these cuts. If we lose 6% or more of our officers over the next three years, we will have to reduce services for a large segment of our population. It is not possible to maintain the same level and quality of care with a significantly reduced workforce while the demand for health care services continues to grow. The alternative will be the more costly CHAMPUS system. That cost should be weighed against the savings realized by a reduced officer payroll.

A comparison of FY 85 and FY 86 workload accomplished by USAF medical facilities indicates that while we experienced some minor adjustments in the distribution of care provided to active duty and other beneficiaries, these changes are quite small in relation to total services provided in our facilities.

USAF MEDICAL TREATMENT FACILITY WORKLOAD COMPARISON - FY85 & FY86

BENEFICIARY CATEGORY	OUTPATIENT VISITS (THOUSANDS)		INPATIENT ADMISSIONS (THOUSANDS)	
	FY85	FY86	FY85	FY86
TOTAL ALL CATEGORIES	15,989	16,106	275.1	266.9
ACTIVE DUTY	5,314	5,388	83.1	80.9
DEPENDENT OF AD	6,091	6,169	106.4	102.8
RETIREES	1,662	1,659	38.1	36.5
DEPENDENT OF RET	2,476	2,437	44.4	42.3
OTHERS	445	453	4.8	4.4

We are steadily increasing outpatient visits and decreasing inpatient admissions. This is in keeping with trends in preventive medicine. I have designated 1987 as the year of outpatient services with increased emphasis on better management of this very important area.

The Medical Service is undertaking new initiatives to improve access to health care for our beneficiaries. A new program to assist military dependents and retirees in obtaining needed medical services in the civilian community began this past year. Called Health Care Finder, this program was phased in at nine CONUS bases: the Air Force Academy, CO; Castle AFB, CA; Little Rock AFB, AR; Luke AFB, AZ; Nellis AFB, NV; Patrick AFB, FL; Reese AFB, TX; Tinker AFB, OK and Tyndall AFB, FL. Medical managers at these bases have negotiated agreements with civilian providers in their local areas to provide the services the military medical facility cannot. Under the agreement, civilian providers see CHAMPUS eligible beneficiaries in their own offices or where feasible in the Air Force medical facility. Costs for health care are shared under CHAMPUS. When the civilian provider practices in an Air Force facility, CHAMPUS is billed for the professional fee only. Laboratory services, x-rays and medications are provided by the Air Force medical facility.

Participating providers must agree to charge no more than the CHAMPUS allowable charge. Some agreements include even lower rates. The local Air Force medical facility must screen and approve the professional credentials of the participating health care providers. This program improves access to care for eligible beneficiaries, reduces cost to the patient and the government, assures quality of care and simplifies procedures for CHAMPUS users. Health Care Finder will expand throughout the CONUS this year.

In FY 86, the Army opened a clinic in Fairfax, VA called PRIMUS (Primary Medical Care for the Uniformed Services). This was developed as an enhancement to the direct care system and as an alternative to the CHAMPUS program. This initial project is popular with beneficiaries, offering convenient, walk-in primary care at no cost to the patient. We are developing an Air Force PRIMUS concept to establish clinics at four locations in FY 88: Offutt AFB, NE; Davis-Monthan AFB, AZ; March AFB, CA; and Mather AFB, CA. In FY 89 we plan to open another clinic at MacDill AFB, FL. Through these clinics we expect to improve patient satisfaction and convenience with cost and quality consistent with our own medical treatment facilities.

Through innovative management we are making inroads into new areas to provide health care to our patients. The Veterans Administration and the military services have initiated many sharing agreements. More than 50 USAF and VA medical facilities have arrangements which include sharing a variety of specialties and support services. This past year we broke new ground in sharing. The VA and the Air Force will share the new VA Medical Center in Albuquerque, NM. For the first time there will be designated "Air Force" beds staffed with Air Force people in a VA facility. Air Force nursing units will be maintained within the VA Medical Center. Operating suites, emergency services and ancillary support functions will be shared. We will continue to use the Air Force hospital at Kirtland for outpatient services until a new Air Force clinic can be built adjacent to the VA medical center.

An economic analysis of the Nellis AFB hospital and the VA outpatient clinic in Las Vegas, Nevada was completed in July 1985, concluding that a joint facility was the most cost efficient method of providing acute care to beneficiaries in that area. An economic analysis for another joint venture at the USAF Regional Hospital, Elmendorf AFB, AK, was completed in September 1986. The study supported strong economic justification for a joint facility. Another analysis is underway to determine the potential for sharing facilities between the USAF Hospital Davis-Monthan and the Tucson VA Medical Center. We are also discussing the feasability of sharing with the VA in the Miami area at Homestead AFB, Florida.

Quality Assurance

By every quantifiable measure the Air Force Medical Service is providing high quality health care. All Air Force hospitals that have sought accreditation from the Joint Commission on Accreditation of Hospitals have been accredited. The board certification rate for our physician force is very high and the first time pass rate for most specialties surpasses national averages. As an example, psychiatric residents from Wilford Hall

USAF Medical Center as a group either tied or were in first place in every category on the National Psychiatric Board examinations.

Consider these statistics: during FY 86 over 16 million clinic visits were recorded; more than 265 thousand patients were admited to our hospitals; 38 thousand babies were born; and more than 29 million prescriptions were filled. Yet only 286 malpractice claims were filed in FY 86. Actual Air Force claims experience as measured by claims filed per 100 physicians compared with the civilian national average finds the Air Force rate much lower. For example, in 1985, the Air Force rate was 9.7 as compared to 22.5 for civilian physicians. Even factoring in the Feres doctrine which prohibits active duty members from filing suit, the Air Force rate was only 12.9, nearly half the civilian rate. In 1986, the rate for Air Force physicians dropped to 7.2, while the estimated rate for civilian physicians rose to 30.7.

A tri-Service Obstetrics (OB) study was begun this past year as a result of a feasibility study which suggested that OB documentation practices within the DOD required improvement. The indicators and criteria used in the study were analyzed by the DOD and the military OB consultants. An analysis of the 1986 data was completed. In all 38,633 deliveries, the indicators found that the Air Force was well within the national average and in nine of the ten categories significantly better than national norms.

In the next three years, Air Force emergency medical services will be changed significantly. Our goal is to improve the quality of emergency services management and care in concert with changing national standards for emergency medical services. We are now in the process of developing a dedicated group of physicians to staff our emergency rooms. All Air Force physicians currently trained in emergency medicine have been identified as primary resources. A training program in emergency medicine has been developed with nine Air Force hospitals serving as training sites. Our plan is to initially staff emergency rooms of larger hospitals with full-time physician volunteers from appropriate medical specialties while relieving selected specialists from performing emergency room duty. New general medical officers will also be trained for emergency room duty. The first training course began in September 1986. During FY 87, we will train 180 emergency room physicians. This Air Force initiative was adopted by the Department of Defense and incorporated into their draft Directive on Emergency Services.

CHAMPUS Funding Transfer

Beginning in FY 88 each Service will be responsible for programming and budgeting for their CHAMPUS program costs. In preparation for implementing this management responsibility, ASD(HA) at the request of the Services, established a joint financial management committee chartered to meet at least three times per year. Through this committee, the Services will evaluate OCHAMPUS' methodology for projecting requirements with the goal of initiating Service unique revisions as necessary. OCHAMPUS is in the process of modifying their automated information system to provide data and requirements projection by Service.

One improvement initiative being considered by the Services is to accept CHAMPUS funding responsibility based on billings by catchment area. This initiative will inhibit one Service from referring to CHAMPUS beneficiaries of another Service because of funding constraints.

It would also be consistent with catchment area management; which offers significant potential for improved efficiency. Under this concept, the local military hospital commander manages all military health service system resources. This provides the management flexibility to arrange for cost efficient services not availabale through local federal resources.

The budgeting and funding history of the CHAMPUS program is one of "under estimating" requirements. The FY 87 supplemental request contains an additional $340 million for the CHAMPUS program. Yet current revised projections indicate that additional funds may be required. If this proves true, the Services FY 88 and outyear transferred funding levels would be underfunded. Since the CHAMPUS program policy authority remains with ASD(HA), the Services must rely on the joint management committee as its primary way to increase the accuracy of projecting their funding requirements.

Implementation of the CHAMPUS Dental Program

I am very pleased that a dental benefit plan will soon be available for families of active duty members. It has been a long struggle to achieve this and I thank members of Congress for your support.

Medical Readiness

Medical readiness continues to be our first priority. We are committed to the deterrence of war through operational support of our fighting forces. Optimum combat medical support depends on peacetime readiness for wartime effectiveness. To prepare for the treatment of the injured and sick during wartime, we operate a comprehensive health care system in peacetime which ensures that our medical response for wartime is rapid and ready. We are committed to supporting the flying mission through a community based health care system within the Air Force operational command structure.

Prepositioning war reserve materiel (WRM) assets overseas is a major component of our readiness program. By prepositioning contingency hospitals, the Air Force will have medical facilities available to stabilize, treat, and return to duty or evacuate casualties. Additionally, we will conserve critical airlift resources for the movement of other items required to support combat operations. As an example, to transport one 500-bed contingency hospital overseas requires 33 C-141 Starlifter aircraft.

Cumulative investment in medical WRM in 1978 was $17 million. By 1990 that is expected to grow to $822 million. This will purchase: 28 500-bed hospitals, 21 250-bed aeromedical staging facilities (ASF), 30 25-bed mobile aeromedical staging facilities (MASFs), 160 2nd echelon units, 3 250-bed hospitals and 26 50-bed air transportable hospitals.

By the end of FY 87, we will have purchased 100% of the required 250-bed hospitals, 250-bed ASFs, 25-bed MASF, and mobile surgeries, 80% of the air transportable hospitals and 75% of the 500 bed contingency hospitals. All of our combat zone hospitals have been purchased. We are completing shipment of equipment and supplies for eleven 500 bed contingency hospitals to operational sites.

The FY 88 program, $35.9 million for WRM, includes two 50-bed air transportable hospitals and 30 2nd echelon medical units in hard-wall expandable shelters and temper tents.

During 1985, the Survivable Collective Protection System-Medical (SCPS-M) was successfully demonstrated at Spangdahlem AB, Germany. Beginning in FY 89, we plan to procure 140 of these on-base, chemical-biological-conventional survivable systems. This system functions like an emergency room or clinic with a short-term holding area for casualties. This will provide lifesaving second echelon care to the seriously injured and allow treatment and more rapid return to duty for the less seriously injured.

In July of last year a groundbreaking ceremony at Kimhae Air Base, Korea, launched a major effort in the Pacific theater. Construction began on a pre-engineered metal building configured to store and operate a 500-bed contingency hospital, a 250-bed aeromedical staging facility and a blood transshipment center. The Kimhae facility will be the only major USAF medical contingency hospital available to care for casualties on the Korean Peninsula. It will serve as the model for further development and design of other Air Force prepositioned contingency hospitals. This would not have been possible without the support of the host nation.

Support from host nation allies has increased elsewhere as well. The government of Luxembourg provided a 24 acre site in Echternach, to build a 1,000 bed contingency facility with construction scheduled for FY 88. Denmark provided several buildings of opportunity in which to establish a 500-bed contingency hospital in that country. Belgium has provided a site at Glabbeek for construction of a 500-bed contingency hospital.

The Netherlands has also provided buildings of opportunity at Naarden to house a 500-bed contingency hospital. Similar host-nation agreements are expected shortly in other countries.

Air evacuation operations will improve during wartime with a segment of the Civil Reserve Air Fleet (CRAF) dedicated to medical airlift operations. This initiative scheduled for complete implementation by FY 90 will begin in FY 89. It will enable us to transport medical equipment, supplies and personnel to the theater and to transport patients from the theater back to CONUS, thereby eliminating medical competition for use of C-141's for aeromedical evacuation. Formation of a dedicated aeromedical segment of the CRAF provides a much needed increase in strategic aeromedical evacuation capability at a very low cost.

Our medical response must be ready for wartime but we also recognize the need to have a ready medical response to acts of terrorism, natural disasters and other mass casualty situations. This includes the USAFE Flying Ambulance Surgical Trauma Team (FAST), the PACAF Medical Rapid Response Team (MRRT), the TAC Emergency Lifesaving Initial Treatment Element (ELITE), and the SAC Urgent Treatment Utility Response Element (SUTURE). The Alaskan Air Command is developing a response capability unique to their command mission. Each team is tailored to theater unique requirements including mission, distance, climate, terrain and indigenous medical capability. Each team is capable of providing an advanced emergency room level of care for up to 50 injured patients during the critical first 24-48 hours until they can be evacuated for more definitive care. The teams are ready to deploy within two hours of notification on C-141, C-130 and C-9 or using surface transportation. These innovative and timely approaches to a quick response medical capability help to insure the safety of Air Force personnel at home or abroad.

Unit level medical readiness training is conducted annually at our medical treatment facilities. Our Continuing Medical Readiness Training program continues to improve the capability of medical personnel to cope with the environmental and equipment limitations found in the combat scenario. Thousands of medics have been and will continue to be trained in skills required in a variety of contingency situations. Formal courses include: Battlefield Medicine, Battlefield Nursing, Combat Casualty Care, and Combat Casualty Management.

Through the Veterans Administration (VA) and the National Disaster Medical System (NDMS), we are guaranteed hospital beds for 20,000 returning casualties unable to return to duty within 60 days of their injuries. These beds are located in 20 CONUS geographic regions. Seven of these were newly acquired last fiscal year. In FY 86, we continued to work with the DOD developing, testing and implementing the NDMS to meet our wartime needs. We had extraordinary support from the civilian medical community. Twenty of our 35 casualty receiving hospitals also serve as NDMS coordinating facilities and coincide geographically with primary treatment centers of the VA.

Medical Readiness Construction

In January 1986, the Secretary of Defense established the Defense Medical Facilities Office under the Assistant Secretary of Defense (Health Affairs) with the responsibility for planning, progamming and allocating funds appropriated for all DOD medical readiness construction projects.

The proposed FY 88 Military Construction Program for Air Force medical facilities includes 16 projects with a total cost of $112.9 million. The FY 88 program emphasizes readiness and overseas requirements that directly contribute to the combat effectiveness of our deployed forces. Nine of the 16 projects, at a cost $21.7 million, are specifically to support medical WRM storage and prepositioning.

Six of the proposed projects provide warehousing for prepositioning second echelon medical equipment and supplies in the European theater. A turn-key. 1,000-bed third echelon medical contingency complex at Echternach, Luxembourg, will greatly enhance our ability to provide life-saving, surgically intensive medical care to Air Force casualties which are expected to peak in the first days of a European conflict. In CONUS, a medical war readiness materiel warehouse is proposed for Lackland AFB, TX and a facility to store frozen blood products in support of the OASD(HA) Blood Program 2004 initiative is proposed for McGuire AFB, NJ.

Additional proposed construction in Europe supporting both peacetime and wartime missions include the replacement projects for the Incirlik Air Base, Turkey, composite medical facility and the RAF Fairford, United Kingdom, clinic/dental clinic. A new medical and dental clinic is proposed for Woensdrecht AB, The Netherlands, supporting the new ground launched cruise missile deployment. These projects include capability to remain operational during a conventional or chemical attack.

Conjunctive construction funds are being requested to supplement Japanese Facility Improvement Program funding of the Misawa AB, Japan, composite medical facility. This funding is required to incorporate those DOD criteria and threat considerations that the Japanese will not fund. This facility is also planned to remain operational during a conventional or chemical attack.

Air Force medical projects in the FY 89 Military Construction Program, at the Congress for review, are 16 projects with a total cost of $119.74 million. This program focuses on overseas and readiness projects with 7 of the projects ($25.84 million) directly supporting prepositioning of medical WRM assets.

Manpower

To support a global contingency operation, the Air Force must field over 21,000 beds in the theaters of operation and nearly 11,000 beds in the CONUS. In addition, resources and medical manpower must be dedicated to provide front line casualty treatment and triage. Furthermore, we must operate a worldwide aeromedical evacuation system with the capability of providing rapid transport of casualties to our definitive care facilities. In all we forecast a requirement for over 86,000 medical personnel. With expected heavy combat casualties very early in the war, more than 55,000 or 65% of these medical personnel must be available in active units. During wartime, Air Force Reserve and Air National Guard could be activated and deployed to provide over 97% of our aeromedical evacuation capability.

We forecast an out-year, end of the Five Year Defense Plan, manpower shortfall of just under 9,000 personnel or 10% of our requirements. While significant, we will have reduced the shortfall considerably from the FY 86 level of nearly 18,000 with limited growth in the active component and the significant growth in the reserve component.

The Air Force Reserve and the Air National Guard which together comprise the Air Reserve Forces are in the process of a dramatic manpower build to meet a wartime mission tasking for 92 medical readiness squadrons capable of providing second echelon level of care. We are building these units incrementally and project all to be operationally ready by 1992.

The Air Reserve Forces, make a significant contribution in both peacetime and wartime. Currently, these components of the total force are tasked to provide 27% of the wartime medical manpower requirement. In addition, we have started an initiative to quickly mobilize the standby and retired sections of the Reserve to reduce the unprogrammed wartime requirement

Today, in peacetime, approximately 25% of the CONUS C-9 and 67% of the strategic C-141 aeromedical evacuation medical crew member positions are filled by the Air Reserve Forces.

The Air Force Medical Service is working aggressively to meet its mission. Much of our success, especially in readiness depends on Congressional support. I thank the members of the Subcommittee for your interest in our initiatives. I will be happy to answer any questions you may have.

Senator GLENN. That was a good statement, Dr. Mayer. Thank you very much.

I share your concern that our number one concern has to be the wartime capability. That is absolutely true, and I agree with you. We want to take up and consider all these other issues with CHAMPUS and the CHAMPUS reform initiative, the composite health care system, the computer system, the Public Health Service hospitals, dental insurance for dependents and all these other things also, but I want to concentrate for a little while this morning at least on the wartime medical situation.

WARTIME MEDICAL MANPOWER

You put great emphasis on the DEPMEDS equipment and state that we cannot do it without them. I would submit that it is a dual program that we are up against, and that is it is both the people and the equipment. We can have equipment sitting all over the place, and it does no good unless we have the trained personnel to use it. On the other hand, the medical personnel out there do no good unless they have the equipment to use, also. So it is a dual situation.

You emphasized the DEPMEDS necessity this morning very, very strongly. I do not disagree with you about that, but I also am very concerned about the manpower, and I want to get into that with my questioning. We will go into a 10-minute questioning session now.

No. 1, I would like for you and the other gentlemen on the panel to express what percentage wartime, and I stress wartime, medical manpower is in the Reserves. We had a recent report provided by the Department of Defense that indicates that as of now, and I think it is current, we are short 72 percent of the orthopedic surgeons required, 56 percent of the general surgeons, 67 percent of the anesthesiologists, 57 percent of nurse anesthetists, 52 percent of all other nurses.

Now, we are projecting out by fiscal year 1992 a shortfall of only 11 percent of orthopedic surgeons, 11 percent general surgeons, 1 percent anesthesiologists, 6 percent nurse anesthetists, and 23 percent of other nurses by 1992.

Now, I do not know how we are going to get there, what the plan is, but I would like you or any of the other gentlemen there to address where the people are going to come from to man these DEPMED facilities that are sent out there and also what our program is to get to where you say we are going to be by 1992. I have not seen a blueprint of how we are going to achieve these numbers.

Dr. MAYER. We have one, sir.

Senator GLENN. Good. Let us hear it.

Dr. MAYER. The question is absolutely appropriate. You are quite right that hospitals are useless without the people to man them and vice-versa.

The answer to the first thing that you mentioned is that at present about 70 percent, and it varies by service and it is as low as 50 percent in some areas, but 60 and 70 percent of all our personnel for medical care in a war must come from the Reserve; therefore, with the help of Mr. Shaw and people in Reserve Affairs, we have started some new initiatives which were authorized a little over a year ago by the Congress for loan repayment and for stipend payments to the kinds of medical, surgical and nursing specialists that we need as an inducement to join the Selected Reserve.

We are about to propose this year an expansion of that program to additional specialists that were not permitted in the first go-round and to extend the length of those programs as incentives to join not only the Selected Reserve but also the Individual Ready Reserve which has not been given the attention that it should.

Senator GLENN. So we understand this, loan repayment of what loans?

Dr. MAYER. Of student educational loans.

Senator GLENN. Where these individual went out on their own and had bills left over after med school, and you want them to join the military, and we pay their previous military education bills?

Dr. MAYER. That is right. These are youngsters that did not go through our health profession scholarship programs.

Senator GLENN. You said stipend repayment. You mean just stipend——

Dr. MAYER. I meant stipend, not loan repayment. They are two separate programs.

Senator GLENN. Okay, thank you.

Dr. MAYER. Those two programs are very desirable and need to be expanded and enlarged upon. That will help tremendously in the Reserve, and our program calls for a reduction in the steady fashion of the shortfalls in the Reserve to the figures that you quoted by 1992.

At present, if you get a health profession scholarship program scholarship, then the student has an obligation of manpower ceilings and end strength restrictions we could take a much larger number of people into that scholarship program and have their obligated service be, say, 3 years in the Reserve for every year of scholarship that they got. I think that would go far toward enhancing our personnel readiness.

The problem, as you well know, is that graduation from medical school today in many instances carries with it a $60,000 to $80,000 indebtedness, and that is driving people out into the commercial business world to try to make money to pay that off. We have to compete in the medical community in which we live. In active duty forces, we have increased—well, in the Reserve, incidentally, since the administration started, we have increased the number of surgeons by 78 percent and the number of nurses by 68 percent. I have to admit, that starts with a small base, but it shows real progress, and all the services have new money and new programs for Reserve recruitment.

Senator GLENN. May I ask what basis there is for your optimism that we will achieve this in the next 4 years, with the loan repayment? My son is a doctor and I speak with some authority, this $60,000 to $80,000 figure you submitted is a little bit low. Feel free to up that and enter it in the record if you want.

Dr. MAYER. That does not include food, clothing, shelter, room and board and weekends.

Senator GLENN. Okay, you cannot have starving, naked kids out in med school, that is still part of the expense. I would submit that the average is closer to $100,000 by the time you get them through internships and their residencies and everything else, the extended time period.

I would question whether it is going to be quite as successful as you think on this basis. By the time they get to that point, they can go out and practice and probably make more and repay the loan. They can repay that in a few years as opposed to letting you repay it and having a military requirement.

So I am maybe a little bit pessimistic. I do not quite share your optimism that we will accomplish all this by 1992 unless that stipend you are talking about is going to be a mighty big one.

Dr. MAYER. Well, for the health profession scholarship program, we can subsidize young people in school.

Senator GLENN. Now, that is a different thing than you were talking about.

Dr. MAYER. And have their payback be a very extended one in the Active Selected Reserve. That part of it, I think, has great promise. It is true that just repaying the loan at this point is not a big enough pot of money that is going to bring in a huge number of people. There is no question about that.

The other thing, and very importantly, has to do with the Active Force, and that is that most of our specialists who come into the services today who are trained medical specialists we train ourselves, and we train them according to the civilian standards. Each service has started increasing very substantially. There was about a 40-percent increase, 39-percent increase from 1985 to 1986 in the number of those who we train who are being trained now in critical specialties needed for war.

So as you know, we do not really anticipate any great trouble in getting the total number of doctors that are authorized. The problem is, as you point out, enough of them have to be orthopedists and enough of them have to be surgeons and enough of them have to be anesthesiologists for us to go to war.

So about 77 percent of all new doctors coming into the service are coming through our own programs, and better than one-fourth of all doctors on active duty are in residency training to become specialists. As we select more and more of those people for training who are willing to go into the critical specialties, we can, we believe, come within about 10 percent of the critical specialists that we need by 1992.

Senator GLENN. Have you done any studies on this to show what the incentives are or polled medical students to see what their feelings on these issues are as opposed to just indicating that this is a program we hope will work for 1992? Do we have any information to base this on?

Dr. MAYER. Yes, I think we have a great deal to base it on, Reserve Affairs has as well as my office. We are continuously through our recruiting program trying to ascertain what it is that really works. As I say, we have to rely very heavily on our own training programs, and hopefully by expansion of the loan repayment and stipend programs we can get even more.

We can also select the kind of surgeons, kind of specialists we need for the stipend program because we can advertise in the civilian community for people in residency training, which once again now is not a very well-paid activity.

We can advertise for people to accept our stipends in return for Reserve commitments.

Senator GLENN. I see this as the weakest link in our whole wartime medical readiness situation. I think we can get the equipment. I do not quarrel with your need for the equipment, but that is a situation where you put out so many dollars, you get so much equipment, and we know what to do.

This other area that has to match is the personnel situation. It is disastrously low. We could not go to war right now. That is a war stopper, as someone termed it here, as far as being able to conduct a war. That is a war stopper right now, and it is a variable. We do not know whether these incentive programs will work, we do not know whether the stipends will work, we do not know a lot of things about this.

I do not know whether Mr. Shaw is involved in this business but he may want to address this additionally. I do not know how much time I have left—44 seconds, Mr. Shaw.

Mr. SHAW. I would like to respond to that in a number of ways. One, the American Medical Association is conducting a survey on the effectiveness of these potential incentives. So the AMA is doing that.

We have also asked our six——

Senator GLENN. The AMA is doing what now?

Mr. SHAW. It is conducting a survey of students and medical professionals to see what the impact would be of these kinds of incentives that we would like to propose to the Congress very soon.

Senator GLENN. What percent of doctors are members of the AMA now? I think their percentage has been going down, has it not?

Mr. SHAW. I am not sure. I do not have the answer to that.

Dr. MAYER. I think more than half.

General CHESNEY. About 60 percent.

Mr. SHAW. But there is also, in addition to the incentives, other things that we are doing, and I share your questioning the optimism on this. We have to be optimistic.

Senator GLENN. No, you do not. You have to be realistic. That is what you have to be. Do not bring in any more rosy scenarios. Dr. Mayer mentioned that, and I was going to comment that I do not think he has been realistic in the past.

Do not be overoptimistic with us. That is what has gotten us in trouble in the past.

Mr. SHAW. I agree with that. We do not want to be overly optimistic. But, I want to say that we have a blueprint for this, and I share your realism with respect to going into it. It is more than just incentives that we are looking at and flexible payback and those kinds of things.

We are also looking at increasing the age of entry for physicians. Physicians who have re-paid their student loans for their medical education may be at that point in their lives where they are ready to come in. These physicians may have some extra time, and they may not have the economic need for the kind of salaries that can be earned in the medical profession at that point in their career.

We also are looking at extending the age of separation for medical professionals assigned in critical skills.

We added in last year's budget review program from 1988 to 1992 an additional $113 million to increase our recruiting force. We need to do that. We need to get out and touch base with these people in their communities.

SENIOR MEDICAL PEOPLE

Senator GLENN. The senior medical people who have been in practice for a lengthy period of time, I imagine, would be a very fertile field. A lot of those people would be quite willing to come back in and serve if given incentive and they are going to be aboard ship in the Mediterranean for 2 weeks or so. There is an attractiveness to some of this such as: service and pride, that I think a lot of doctors would really welcome the opportunity.

In that regard I hope you do not go so strict on age requirements that you do not make use of the more senior medical people we have available who would like to do this not for only a big pay incentive or anything like that, but just because they are doing it for the United States of America, and that is a pretty good reason.

Senator Wilson.

Senator WILSON. Thank you, Mr. Chairman.

SHORTFALL OF PHYSICIANS AND NURSES

Dr. Mayer and Mr. Shaw, in a recent report from the Secretary of Defense, the committee was advised that there is presently a shortfall of 7,100 physicians and 31,000 nurses in our wartime medical requirements in the Reserve components. More than 5,000 of the physicians shortfall is in the critical specialties as is the entire 31,00 shortfall of nurses.

Elsewhere in that report, it is estimated that by 1992 there will no longer be an overall physician shortfall, although there will still be shortages of certain skills, and the 31,000 nurse shortfall will be reduced to about 13,000.

I am going to continue where the Chairman left off. That strikes me as a very optimistic assessment. That is a lot of ground to cover in a very short period of time, and in light of the very slow progress that has really been made on the personnel shortfalls during the last few years.

So let me ask you, to you really believe these estimates? Do you really think that we can wipe out that physician shortfall and reduce the nurse shortfall by two-thirds in 5 years with the incentive programs now in place?

Dr. MAYER. If we expand the incentive programs, Senator Wilson, the way I suggested, I think we can come very close to our projections. I do not really think it is overly optimistic.

For example, the Individual Ready Reserve is a huge untapped area that has never really been marketed. It is attractive to lots of professional people, particularly people of all age groups who would like to do something for their country but in a very demanding kind of profession like the health professions are many people do not consider the Reserve because they cannot contemplate monthly meetings and they cannot contemplate several weeks every summer, unscheduled perhaps, to go on active duty.

In the Individual Ready Reserve and in some of the flexible Reserve programs that are now taking hold where they can use their time flexible, we think, we believe truly, that we can all but wipe out the physician shortage by 1992.

Now, mind you, that is the number of physicians we need for a total general war. We cannot have all those people, obviously, on active duty, but we can accommodate many of the shortfalls in specialists by some cross-training of some of the people that we already have on duty and by greatly increasing the Individual Ready Reserve.

Reserve Affairs is studying the management of the IRR program, and we hope soon to have some specific proposals as to how to increase that. I cannot obviously guarantee that that is going to solve our problem.

Now, the nurse problem is different. Many nurses, as you know, go in and out of active practice of nursing. The nurse population is not nearly as stable as a professionally occupied group as the physician population is, but the fact also remains that in the case of a major war, for example going all the way back to World War II, the number of nurses who spontaneously and immediately volunteered has always far exceeded the actual number that we needed.

That is no reason not to have these people signed up if possible, but I am more sanguine as to the possibilities of getting the nursing staff we need in case of war than the physician staff.

CRITICAL SPECIALTIES

Senator **Wilson**. All right, let us talk about the critical specialties.

Do I understand that the situation now exists in the Armed Forces medical school is that we are training people in specialities in which we are filled so that they then have to go into the Reserves to fulfill their obligation and all the while have vacancies in the critical specialties like thoracic surgery and orthopedics?

Dr. **Mayer**. Sure. You have touched on a very significant problem both with the health profession scholarship, which an individual can start in his first year in medical school, and in our own medical school, our joint services medical school out in Bethesda.

In all those cases, those people are developing an obligation for service, and we are paying for their education without any certainty whatever as to what specialty they are going to elect to go in, because nobody elects a specialty, or rarely, as a freshman medical student.

So we are considering altering the scholarship program in such a way as to have more certainty that we are getting the kinds of specialists we need. Right now, you are quite right that there are people going through our programs who end up deciding that they want to be a pediatrician or family practitioner or some specialty that we are not really critically short of, and we cannot influence that, but I think we can change that program to correct that.

Mr. **Shaw**. Senator Wilson, along that line, this has been a problem that we have experienced in the Reserve components, not in terms of a scholarship program or medical education program but just in terms of recruiting. We have been recruiting, unfortunately, in some areas that are not critical and, in fact, overstrength.

Dr. Mayer has issued a directive to the service that is going to do several things. We are going to tighten up this program. We are going to cut the overstrength areas and bring them down to required strength levels. We are not going to recruit in those areas that are at strength or overstrength. And, in fact, as part of this 5-year program, our target is—as Dr. Mayer said, we cannot guarantee it but our target is—to reduce these critical shortages at the rate of 20 percent per year.

That is why we will need to employ the incentives we hope to get—the flexible payback, expanding or increasing the age restrictions, additional recruiter resources, and improving our training opportunities to make training in the Reserve components more exciting and professionally rewarding as opposed to conducting physicals at some armory on weekends.

So, we are looking at all of those kinds of things in order to reduce the shortages. But, you are quite right. We have to improve the way we manage recruiting programs, and the way we apply our incentives to make sure that these things are directed at those areas where they are really needed.

Senator WILSON. All right, I think that the focus that I heard from Dr. Mayer on using the stipends with residents is more promising, obviously, and I agree. A kid who is a freshman in medical school undoubtedly does not know what he wants to specialize in. By the time he has finished medical school, presumably he has some idea.

Let me just ask this. If all those things that you are talking about do not produce closure, let us come back, Dr. Mayer, to the subject that you and I were discussing about this time last year, and that is the registration of health professionals.

REGISTRATION OF HEALTH PROFESSIONALS

At that time, you urged that I delay any action on the idea because the Department had reached an agreement with the American Medical Association, under which AMA would provide the Department with its complete listing of its members and their qualifications. You will recall that I was willing to go along with a voluntary approach if it would work and if it would enable the Department to reach all segments of health professionals, inlcuding nurses.

Could you update the committee on these efforts and tell me whether or not your plan for reaching closure reaches some kind of registration as a contingency in the event that all the other efforts that you are making do not quite close it?

Dr. MAYER. I continue to believe, Senator Wilson, that the data tapes that we have in hand that belong to the American Medical Association which we can use instantly in the event of a major national crisis, I believe that they will give us very ready access by category, by specialist to the people that we need.

Granted, even if we knew their names and their specialties and their age and their state of health and their address and telephone number and everything, on day one of a war there would still be substantial lag time before a Selective Service procurement of those people could take place. There is no question that if we had a major war we would need to bring doctors in under the Selective Service System.

As far as registration in advance of a national emergency, I continue also to believe that to do so or to attempt to do so would arouse such a storm of protest and such controversy as to make it probably not feasible. That is just my best estimate as a physician. That is not the DOD's position.

I know that the Selective Service System is asking for legislative authority this year, or I believe they are, to at least put into place the mechanism in advance which they cannot do now under the law but to put in place a mechanism to enable a very rapid access to the health professionals without preregistering them.

The problem with preregistration continues to be that there is a heritage in this country of having drafted physicians alone as a professional category; that is, when there was still a Selective Service program in the country, the only group which was singled out because of their job was physicians for being drafted, and they came in with great reluctance and great bitterness. Those people have now grown up to where they are the power structure in medicine.

So I think that the resistance to prior registration would be literally overwhelming, but that is a decision that I am no more qualified than anyone else to make. That is just my opinion.

But to have the mechanism in place for doing it and armed with the tapes that the AMA and the American Association of Nurse Anesthetists, which is one of our critical needs, have given us, I think that we can very rapidly mobilize the physicians that we need.

I cannot feel comfortable enough about that to think that we can ease up even one bit on our recruitment programs and our training programs.

Senator WILSON. My time has expired, but in a second round of questioning, if we have one. Mr. Chairman, I would be interested in pursuing how AMA is cooperating with you on recruitment of critical specialists.

Senator GLENN. Can you answer that in 1 minute or less?

RECRUITMENT OF CRITICAL SPECIALISTS

Dr. MAYER. Yes, sir. It boils down to this. The AMA will, if we wish, extract from their tapes critical specialty categories and give us that information so that we can direct our recruitment activities directly to those people. That is something that we do not have at this time but they have offered to do that. We cannot ourselves just go through the tapes, but they will.

Senator GLENN. We had Senator McCain here earlier, then he left for a while and Senator Symms came in. I guess Senator Symms is next in line for asking questions.

CRITICAL SPECIALTY SHORTFALL

Senator SYMMS. Mr. Chairman, I will be very brief. Are the medical shortfalls shared equally by all the services, or are there unique situations where some branches of the services have a bigger shortage than others, such as the Navy at sea, having sea-going doctors, or what is that situation?

Dr. MAYER. The Navy does have a special problem, which Admiral Seaton could address, because some of the specialists that they would like to have in hospitals where they would be busy all the time necessarily have to be on some of the larger ships.

By and large, the critical specialty shortfalls are generally shared among the three services.

Mr. SHAW. That is true too, Senator, throughout the Reserve components.

Senator SYMMS. Did I hear you correctly say that the nurse situation may be easier resolved than the physician situation?

Dr. MAYER. Historically, based on our historical experience, yes. Nurses volunteer in very large numbers. We have never really had to draft nurses because they volunteer in such overwhelming numbers if a war starts.

Senator SYMMS. The nurse numbers are not up to TOE strength today, are they?

Dr. MAYER. No, sir, they are not.

Senator SYMMS. How far below are we?

Dr. MAYER. In the Reserves, we presently, to meet what we believe our basic requirement, minimal requirement is in the Reserve, we are 31,000 nurses short. I cannot give you the exact figure because I just do not remember the number of nurse shortages in the Active component. But each of the surgeon generals could do that.

General BECKER. In the Active component, we have what we are authorized, and we are probably about 1,000 to 1,500 below our requirements in the documents, in the TOEs, TDAs.

Senator SYMMS. You are 1,000 below. How about with the Air Force?

General CHESNEY. We also in our Active Force have all the nurses that we are authorized. I have here that we are 6,096 short for war time, but we have a problem with that figure. It may be much higher than we think it should be, and we are going to go back and look at that. So I cannot give you a correct answer today, sir.

Senator SYMMS. How about the Navy?

Admiral SEATON. I will take it for the record for a precise answer, but I can tell you that today in terms of today's active duty wartime requirements for Navy, we are short 74 operating room nurses and 69 nurse anesthetists.

I will provide for the record what that translates to in Reserve shortfalls. I am not prepared to give you the number at this time.

[The information follows:]

Fiscal year 1987 authorizations for active duty Nurse Corps officers are 3,455 which we expect to reach. However, within the total, the mix of critical nurse specialists will not be satisfied. We expect a shortfall of 74 operating room nurses and 69 nurse anesthetists to meet our wartime requirements by the end of fiscal year 1987.

Current fiscal year 1987 allowances for Nurse Corps officers in the Selected Reserves are 1,594. As of February 1987, 1,087 Nurse Corps officers were on board in the Selected Reserves. This translates into a shortfall of 507 personnel.

Senator SYMMS. What was 31,000?

Dr. MAYER. That is in the Reserve. The number currently signed up in the reserve is 31,000 below what we think it should be.

Senator SYMMS. Well are you optimistic or pessimistic. Are we making headway in recruiting more for Reserves? I think I heard you say that you did not favor a national registration or a draft. Would that not help encourage people to join the Reserves?

Dr. MAYER. Sure, just as when we had a regular draft of just young Americans, a lot of people volunteered, rather than wait for the draft board to decide when they were going to go on duty. As we all know, they turn out to be fine soliders.

But, talking about registration of health professionals, it has to be remembered, there are several very important things. One is this talk about authorized numbers. I cannot believe that any conscious, deliberative process was ever applied in determining the numbers of physicians on active duty, except that it was decided that the ceiling, the total manpower ceiling for each of the services was such and such, and there was approximately so many physicians and nurses thought to be needed at the strength. How long ago that was, I have no idea.

That is how many we are authorized. That bears no strict relationship to how many we really need—to air requirements. Now, that is a problem between us medics and our military superiors, because they also need tankers and airplane drivers and so on.

But I think the whole question of what portion of the total end strength of the Armed Forces that should be medical people, that question has yet to be addressed in a conscious, deliberative way. And it is compounded by the fact that as medical science advances, and it really is advancing by leaps and bounds, we have a need for all kinds of special technicians and special care-givers, without whom the doctor can not function, to do today's medicine.

Jobs that did not even exist 20 years ago, the guy who runs the heart-lung machine that takes over for your heart and lungs when we bypass your coronary vessels, there was no such person in existence even a few years ago.

Same way with the lithotriptors and the same way with these special diagnostic devices. They all require new people that were never even contemplated. But what the services have had to do is eat those people, so to speak. That is somehow scrape them up out of their pool of corps men and technicians.

Now if you try to register health professionals, it does no good just to register doctors or just to register nurses. The medical team today is an enormously complicated array of people, some of whom have many years of training beyond their basic education.

So how are you going to register all those people? How could you register corps men? The original proposal for draft registration for health professionals called for a $250,000 fine if you failed to sign up.

Well, does that mean that if 30 years ago you were trained as a corps man in your 2-year hitch in the Army and you failed to sign up you are subject to a $250,000 fine, when all you have been doing in the subsequent 30 years is selling shoes, or working in a bank? There is nothing comparable to corps man. So No. 1, we could not register them very successfully.

NURSE POPULATION

The nurse population is mainly women, and the large percentage of nurses, as I say, dip in and out of a professional career. They stop and they have babies. They move about the country as their husbands do. They do other things. A lot of nurses have gone into medical administration and other kinds of things.

To register everybody as a nurse who ever got a registered nurse certificate or a baccalaureate degree in nursing would encompass huge numbers of people that have no current nursing skills, no interest, have not done it for 20 years. And on and on and on.

The extra corporeal pump technician, who runs this heart-lung device, how are you going to register those people? They do not even yet have standard group.

Senator GLENN. Steve, will you yield for a second? If I understood the first part of your statement correctly a minute ago, correct me if I misinterpreted, but you were saying that we do not know for sure what we do need.

Dr. MAYER. I would not put it quite——

Senator GLENN. That is what I understood you to say, that we do not know what specialties we need. And I tell you, if we do not, somebody better be finding out, because the guy over there that gets shot wants someone to help him, and he wants all the specialties.

I would hope that General Becker has maybe a better idea of what is needed out there in combat and that he has some idea of how he is going to get the people there. If he does not, then something is very seriously wrong beyond anything we have brought up yet here this morning.

I understood your earlier statement to say, in addressing what Senator Symms asked, that we do not know what we need, we do not know the specialties and in that regard we would not know who to draft, who to register, who to do all this. We better have some idea of the people we need.

Dr. MAYER. I did not mean to mislead you. We do know requirements, and required to authorized end strengths.

Senator GLENN. Do we have estimates of what a war time TOE is going to be, exactly the numbers of people we want, thoracic surgeons, orthopedists?

Dr. MAYER. Those we have, yes, sir.

Senator GLENN. And everybody else right on down the line, and where are we going to get them. That is the question.

Dr. MAYER. Absolutely. We have those. That kind of information is based on historical data in the conventional battlefield. Out of a thousand troops committed, how many become casualties, and of those that become casualties, how many have chest wounds, how many have belly wounds, how many have extremities wounds, how many just get sick.

We have all those data, and we do calculate our needed specialty mix on that basis, as well as our mix of nurses.

Senator **Symms**. And there is a plan also as to how and where you are going to get the Reserves that are already in Active Reserve units and get them to the place needed? That is all done?

Dr. **Mayer**. Absolutely. Our Reserve units are designed to have the proper mix of people that have been determined to be needed for that kind of a unit in a conventional war. Unfortunately, Reserve recruiting in the past has resulted in a lot of people who are medical, but they are not the right kind of medical, serving in medical spaces.

What I was trying to say, Senator Glenn, earlier about ceilings and about our authorized strength, it is true, we can show exact numbers of surgeons, orthopedists, neurosurgeons, thoracic surgeons, that are needed to support a given size unit.

What I am saying is that given the dual mission that has now been given to the Armed Forces Medical Department, caring for 8 million other people, our ceilings, our manpower authorizations in medicine fall far short of enabling us to take care of that population, in every service.

Just like we have 5,000 percent of the pediatricians we need to go to war, but we need every one of those pediatricians now.

Senator **Symms**. Thank you, Mr. Chairman.

Mr. **Shaw**. May I respond to the initial question, Senator?

Senator **Symms**. Certainly.

Mr. **Shaw**. In the Reserve components, 2,200 of the 31,000 are shortages in operating room nurses. And, another 1,715 are shortages in nurse anesthetists.

The balance, or approximately 27,000, are medical/surgical nurses. And you asked, are we optimistic about this?

I would have to say that with respect to recruiting for the Reserve components, we really have to do a better job, which is part of my message today. But, we have got a plan to do a better job.

Now, as we go along, if we see that our plan is not working—if the additional incentives, the larger recruiting force, the flexibility, and all these kinds of things are not working—we are going to take a step backward and we are going to consider a lot of things, to be quite honest with you, that we have not considered up to this point in time.

I would be less than candid if I did not say that. But, in terms of preregistration, I do not believe we need it, at this point in time. I believe we need an opportunity, and the resources, to get on with the plan we have laid out.

Senator **Symms**. Thank you very much. Thank you, Mr. Chairman. Mr. Chairman, I might just say that I have got a daughter that will be a nurse in June. I am doing my best to get her recruited for these gentlemen.

Senator **Glenn**. Senator McCain.

18-YEAR-OLD POOL

Senator **McCain**. Thank you. Just to follow up with what Senator Symms was asking about. Dr. Mayer, I do not share your opinion that it would not be important for us to know where the pool of 18 year olds is.

We have all 18 years olds in America fill out a postcard. That saves us a certain amount of days when we have to mobilize. We do not know if those 18 year olds are qualified for service, what their training background, or schooling is. Yet it does cut a certain number of days in the whole mobilization process.

The fact that we would have some people register who have not been a corps man in 20 years to me is something that could be easily ascertained. But at least we would know where the experience and talent lies and so I do not share your view on that.

I would like to, however, welcome you and the other witnesses. I appreciate many of the things that you have done and we have achieved in the last few years. I also would like to especially welcome my friend Dr. Seaton, who I have known for over 25 years and treated me back on the U.S.S. *Enterprise*. I might mention, Mr. Chairman, I have recently recovered from his treatment. [General laughter.]

RETENTION RATE OF NAVAL DOCTORS

Which is probably why we made him a surgeon general. I would like to ask Dr. Seaton particularly, because as we all know there is a particular and unique problem with retention of Navy doctors due to the separation and cruises and kinds of deployments that we ask. It is not to denigrate the role that doctors in other services play, but it is a bit more of a burden for them.

How is your retention as opposed to the other services, and do you view the fact that numbers indicate, at least my information is that we are going to have a surplus of doctors throughout the country, going to affect our ability to recruit in the next decade?

Admiral SEATON. I would respond in this fashion. Yes, the fact that we do have to send general surgeons and anesthesiologists or nurse anesthetists on board amphibious ready groups and with carrier groups means that those people are difficult to keep up to strength.

We are typically at our authorized strength for numbers of doctors. Given that particular fact, the ones that are most stressed by operational deployments are the ones that are difficult for us to retain.

I can only say again that we do have the authorized numbers, but we do not have an easy time in keeping a general surgeon or anesthesiologist in the Navy, because those are the critical specialties that we must send to sea frequently. We see that all the time. Those are the ones that are tough to retain.

We are basically up to strength in the other numbers. You can read in certain publications and see charts about an excess of doctors in the outside world. Some of those are general doctors and others are types that we are at strength.

I do not believe that there is an overabundance of general surgeons and anesthesiologists and orthopedic surgeons that we could go out and entice into the active duty military with the operational commitments and overseas commitments that we have.

AIDS TESTING

Senator McCain. Thank you. I noticed that in your testimony I would like to raise the subject of the AIDS testing program. I would like to hear from all the services how that particular program is progressing. What we are finding out as far as rate of infection compared with the general population? What impact do you believe from the obviously preliminary evidence, the impact that this disease is going to have on the ability of the members of the Armed Forces to carry out our duties?

I guess I would like to start with you, General Becker.

General Becker. Of course, we have been testing for AIDS now over a year, and we are testing all of the accessions. That is, people who desire to come into the Army. Now we are testing the Active Force.

We are well into the test of the Active Force, and we found approximately 1.5 to 1.6 per thousand. That has remained relatively steady. That has not been a thing that has jumped way up after we started the testing. It started out that way, and if there is any increase it has been slight.

Now the last question you asked was on the impact of this disease on our readiness. Well, these numbers are still small, of course. We do not count them as mobilization assets, because they cannot be deployed overseas. We maintain those who are not ill in the CONUS base. So they are non-deployable. But still the numbers are very small, as you see, 1.5 per thousand, and we have got a total Army of 780,000. So it is still not big numbers.

But if over the next few years that ratio jumps up to 3, 4, 5 per thousand, then it can be a very significant problem.

Senator McCain. Do you not anticipate that happening, given the predicted numbers for the general population is concerned?

General Becker. It might not be quite the same in the Active Army because we are screening them out before they get there. Those numbers may go up, the potential is to accessions.

Then those catching it after they come on active duty, we would hope that we are smart enough and they are smart enough not to get it, with all the education programs and the real drive we have to have everyone realize the significance and the dangers of this disease.

Senator McCain. Thank you. General Chesney.

General Chesney. The Air Force so far has tested 381,000 Air Force personnel for AIDS. We have 316 on active duty today who have positive blood tests. We had 31 cases of real AIDS and 17 so far are dead.

In our current testing of active duty people, about one in a thousand are coming out positive. So with the 600,000 in the Air Force, we will end up with 600 people in the Air Force with AIDS.

I think the Washington, D.C. and New York positive rate is running somewhat between 1 in 100 and 1 in 200, so we have maybe one-fifth the amount of positive in the same age group that we are talking about in some of the major cities.

It is a problem for readiness. We bring back everybody overseas who is positive. That has been policy. Then we have a hard time reassigning them. Nobody wants to become the AIDS command

and take all of these people. Every case is a surprise and is a real problem for us.

Senator McCAIN. Does it also mean that you have to keep a person who tested positively for AIDS forever?

General CHESNEY. Congress passed a law last year that said we will take no adverse personnel action on people who are positive. Now my line commanders do not like that, do not believe in it. They want them all put out on TDR or retired until this is worked out. So, yes sir, that is a problem.

Senator McCAIN. I am informed by counsel that is not exactly what the law said.

Mr. TUCKER. I believe that the statute says that if an epidemiological survey is conducted on the individual who has been tested positive, that what that individual tells you in that survey may not be used as the basis for discharge or adverse personnel action, not the fact that the individual is positive.

Senator McCAIN. Do I interpret that as saying you could discharge someone for that reason?

Mr. TUCKER. To my knowledge, none of the services have identified being positive as a basis for adverse discharge in and of itself. But I believe there is no statute that would prohibit the service secretaries, if they wanted to, and I am not suggesting that is the policy.

Senator GLENN. What is the policy of the Department of Defense?

Dr. MAYER. The policy is that if an individual has a positive blood test but no clinicial symptoms, that he is simply retained on active duty. His duty can be restricted, according to operational requirments and that individual's safety. The services have all responded to that flexibility by moving anybody who tests positive from overseas back home.

Then of course we test them very carefully to determine whether or not they have any symptoms of active illness. The mere existence of a positive test, however, does not constitute a definable disability, it does not impair the individual's ability to function, and therefore we really would be going way beyond the law which enables us to discharge disabled people or even put them on a temporary disabled retirement list, if they do not have any symptoms.

So that is what Dr. Chesney was talking about. The commanders have a group of these poeple showing up who do not have a disability. They can do their duty, but service policy restricts them to being assigned in the United States.

They do have to be periodically checked to see if they start developing the disease. But until they do, there is really no medical basis for discharging them from the service.

Senator McCAIN. Except for the imagined fear of contamination.

Dr. MAYER. There is no scientific evidence that we can obtain so far that they are contagious to anyone else when they have positive blood, unless they share needles with them or are sexually intimate with them. We have very strict rules in the Active Armed Forces against both those activities.

Senator McCAIN. I think we are going to be coming back to this issue of determining a policy—as AIDS is on the increase. I certainly do not have a feel for it, but I think that as the numbers increase we are going to see a lot more disability as to what to do with people who test positive.

I think the surgeon generals here should probably have a major input as to those recommendations, whatever they may be. Dr. Seaton, Admiral, you did not have a chance to respond?

Admiral **Seaton**. The Navy, basically since we are all following the same ASDHA guidelines, the numbers are about the same.

I just want to let you know, there is a formal staging process that we have for these people. In other words, somebody starts a diagnosis at the first two stages, the first stage is the blood test being positive with antibodies, and the second stage is that he may have some swollen lymph glands. Those are the only types of people that are retained.

The stages 3, 4, 5, and 6, with clinical signs and symptoms, have progressed into clinical AIDS. Those are the people who are put on the temporary disability retired list and released from active duty. That is the way we do it in the Navy.

Senator **McCain**. What is your assessment of impact on readiness?

Admiral **Seaton**. I would agree with the others that at the present time, it is a low rate. It is two-tenths of 1 percent. So I do not think that this is a real numbers problem at this stage of the game.

General **Becker**. Sir, I forgot to mention that the impact might be, if this thing continues, on the reservoir or the pool of people we have to choose from. I think that is where we are going to feel the big impact.

Senator **McCain**. Thank you, Mr. Chairman.

Senator **Glenn**. Thank you. If I could follow up on that for a moment, do you permit them to be blood donors?

General **Becker**. No, of course not.

Senator **Glenn**. I trust not. How do you identify them? How do you prevent them from going into a blood bank or whatever? Do you put this information on their medical record or do you put a big red flag on it, what exactly is the procedure?

Admiral **Seaton**. The entry of HIV positive is in their health record, sir, No. 1. No. 2, everybody who is a donor is tested before their blood is accepted. We follow the same blood rules as the rest of the blood banking system in the country.

Senator **Glenn**. But if we are bringing these individuals back from overseas then we are creating a category of non-deployable military members. Is that correct?

Dr. **Mayer**. Yes sir.

Admiral **Seaton**. Yes sir.

Senator **Glenn**. As Senator McCain says, this bears a lot of further looking into and I do not want to take up all of our time this morning on this, but I do not think we have heard the last of this yet. We certainly have questions about it.

Dr. **Mayer**. That is why we are in very close, almost daily contact with the Center for Disease Control, the National Institute of Health and our own research people, all of whom are working on AIDS problems, so that if any new information develops that dictates a medical or scientific basis for doing anything differently than we are doing, we will immediately consider——

Senator **Glenn**. A different category too, in some areas. We are going to utilize more civilians in contractor support activities aboard ship, overseas, special weapons systems of one kind or another, so we have got a lot more civilians involved. They are living over there, they have civilian clothes on but they are working and living side by side with military personnel.

TESTING DOD CIVILIANS FOR AIDS

What is your opinion of the proposal to test DOD civilians for AIDS?

Dr. **Mayer**. I think that any DOD civilian employee who is deployed outside CONUS alongside of and supporting combat troops or sailors should be subject to the same screening that we apply to the people they are working beside.

The larger issue of the great mass of DOD civilian employees who are not doing jobs of that sort, I see no medical reason for testing them.

Senator **Glenn**. You have great cadres of those people working in this country, on flight lines or aboard ships or on Navy bases in this country that are available for deployment in that same role. Should we test them? We are testing our military personnel.

Dr. **Mayer**. Anybody who is likely to be deployed outside CONUS under the conditions mentioned probably should be tested, in my judgment.

Senator **Glenn**. Well, we will not carry forward with that this morning, although I agree with Senator McCain, that we have to look into this matter. I do not know whether we have to have separate hearings on this someday or not. I am not sure we know everything we should know to even deal with it. I think that is one of our biggest problems. We do not know that much about it yet.

Senator **McCain**. If I could just add, Mr. Chairman, I think that the infected personnel probably should be brought back from overseas. I understand that. But I also wonder, and I am not drawing a conclusion here, if there should also be safeguards that they are not transmitted.

I appreciate Dr. Mayer's statement about we have rules against needles and other activities, but I think we have an obligation to ensure that other men and women in the Armed Forces are not infected as well. That is one of the areas that I think we ought to pursue.

Senator **Glenn**. I could not agree more. How do you take care of this situation around the hospital? I know we said we were not going to belabor this, and I will not let it go very long, but how do you handle this around a hospital where you are performing transfusions and equipment is used over again? Not all the equipment is one-time use equipment, I would not think.

How do you protect against this contamination, such as in an operating room?

General **Chesney**. The AIDS virus is very fragile. It takes very little to kill it. We use everything disposable that we can around AIDS patients, but some of the things like renal dialysis units, we go to great lengths to sterilize to make sure that we do not transmit the disease.

A far as we can tell, except for blood transfusions, there is really not much medically that we have ever done to transmit AIDS in a hospital.

Dr. **Mayer**. It is much less communicable, for example, than hepatitis. So the measures that we take to prevent the spread of any infectious or contagious disease are equally effective against AIDS and we do lean over backwards to protect against it.

SHORTFALLS IN MEDICAL MANPOWER

Senator **Glenn**. Let me get off into some other areas for this round. Senator Wilson mentioned a shortfall of over 38,000 nurses and doctors. I believe that was out of a DOD report.

The report also says that two incentive programs mentioned will produce an increase of approximately 3,000 physicians and nurses by fiscal year 1989, I believe it was. Even with the expansion of incentives, that is still going to be a very optimistic view of whether we are going to get down to these figures I read from a little while ago. Is it not?

Mr. **Shaw**. Those two incentives are the stipend and the loan repayment programs. The problem with those two programs is that they are limited to certain occupational specialties—three specialties in the physician area and two specialties in the nurse area. We would like the authority to expand the number of those categories. We think we can be more effective if we do that.

Also, sir, the loan repayment program is restricted to certain types of loans. For example, the majority of nurse loans are inapplicable for repayment, because they are not included in current legislative authorization. We would like to expand the loan programs that can be repaid in order to recruit more nurses.

So, there are restrictions on these incentives. We feel we need to have discretionary authority to expand and contract the restrictions so we can tailor our recruiting efforts to the areas of need.

Senator **Glenn**. I want you to have all the flexibility you can handle and whatever programs you need to address this problem. But let me give you some figures. We are short 72 percent of orthopedic surgeons right now in the Reserves, and we are stating that the programs we are proposing by 1992, we will only have an 11 percent shortfall.

That is a reduction of 62 percent or 61 percent in our deficiency. We are also stating that, where right now we have a 57 percent shortage in anesthesiologists, it will only be 1 percent by 1992. What gives us that kind of confidence?

General **Chesney**. Let me answer you about past success in the Air Force. We have gone from about 9,900 in our Reserves in 1981 to 17,000 today. We have nearly doubled in a 6-year period. So we are out there working and trying.

Now today, if we had problems, we would have to use workarounds. You know, all of our dentists have good hands. We have got 1,500 dentists that are trained to be surgeons. So you do not need two surgeons at an operation, you need one surgeon and one dentist. That is today's game plan.

As far as pediatricians are concerned, I really need 200 more pediatricians for war time than I have right now, because we are training our pediatricians to be flight surgeons, to fly back and forth on our airvacs and to support our units in the field, and I need more than 600 flight surgeons.

So we are using workarounds that will make it possible to do it if we really had to, but it is not a perfect situation, sir.

Senator GLENN. It certainly is not. I would like to have fully qualified people. We have all sorts of military specialty needs in peace time, but this war time thing really bugs me because if we really go to any sizable military operation, this is a war stopper, as I said earlier, as far as the people involved.

Well, let us move on to a couple of other matters now. If we extend the scholarship program to the Reserves, as it operates now all the scholarship recipients have to pay back the Government with active duty service, so that scholarship students going into the Reserve now just to pay back their education with a Reserve commitment only, will that now draw people away from the active service, the full time service?

Dr. MAYER. It could, sir, unless we restricted it, as we would, by specialty at the time an individual graduated. For an individual signing up in the scholarship program at the time of beginning the program we could offer a scholarship for repayment in the Reserve, just as we have scholarships for repayment in the Active component.

But we could manage how many of the scholarship student positions were available for both the Active component and Reserve. We could not let the Reserve erode our needs.

Senator GLENN. Let me ask this question, do you propose that they would be able to eliminate all of their scholarship money, that they would be able to pay all of that back with just reserve duty, no active duty time at all? It would just be the 2 weeks a year, or whatever it is, and drill time in between?

Dr. MAYER. No sir. What we had in mind was for over and above the scholarships we give to keep the Active component full. We could offer additional scholarships for Reserve payback with multiyear obligations for each year received and, in my personal judgement, I think we ought to require 6 months or more initially of basic military training for those people who elect that, and some periodic return.

They would be in the Selected Reserve, so they would be required to be Active reservists, including the summer sessions. So, we have not gotten to the point where we have worked out the details of what kind of an obligation, but it would have to be very substantial.

Senator GLENN. I would think you would want some sort of active duty time as an immediate payback and also some military experience, then an extended reserve time. I would think, that to have people get out of medical school and join the Reserve and we will pay back your medical duty or your scholarship, with no real solid requirement of a year or two or three. . . . Well I think it would be much more palatable in Congress, at least, if you had some sort of active duty requirement.

CHAMPUS

Over to CHAMPUS, just for a minute. Why should military hospitals not be responsible for the coordination of individual requirements for CHAMPUS, with the civilian doctors and the hospital facilities, when the military hospital is unable to provide the required services. This would provide a twofold advantage really.

It would provide appropriate monitoring of CHAMPUS service. It would prevent the unnecessary runaround the CHAMPUS patients sometimes get from contract doctors and facilities.

Dr. **MAYER**. We considered that kind of a scheme initially. That is, just giving each hospital their responsibility and the authority to enter into contracts with preferred provider organizations and so on.

It became evident that, No. 1, this would still require contracting, it would still require going through the cumbersome Government requirements to set up a reimbursement system for whoever was going to get paid.

We found that we are greatly lacking in the administrative and contracting capability in the average hospital in the Armed Forces to conduct that kind of a program. Furthermore, if it were just done locally, the chances of obtaining any beneficial price arrangements would be far less than if we did it on a somewhat larger basis.

But even the program that we have proposed, the CHAMPUS Reform Initiative, will require in most communities that the contractor establish local relationships. There is not any contractor that has the capability in place all over a major part of the country to deliver the care.

So there will still be local contracts. Since one requirement of CHAMPUS reform is this, what we have called health care finder relationship between the military hospital and the contractor, it is our expectation that the military people will be very much involved in whatever relationships the contractor sets up.

Also if the patient does not like what the contractor set up, we have got it carefully designed so the patient can turn right around and come back to the military hospital. Signing up with a contractor does not prohibit the patient from coming to us. You can be sure they will the minute things do not go right.

Senator **GLENN**. Does the CHAMPUS Reform Initiative consider a catastrophic cap?

Dr. **MAYER**. Initially we were going to require that as part of the proposal. But a number of potential contractors stated to us that they could not really add a catastrophic cap that was any better than insurance programs, perhaps a dozen that offer that kind of coverage now. It would simply drive up the price.

So we have let it be known that if somebody has a marvelous scheme for a catastrophic cap as part of his proposal that we will certainly be pleased to look at that but it is not a condition.

Senator **GLENN**. I think that is certainly desirable, if we can work it out, such as put a limit on out-of-pocket costs. That is a very important factor for everybody concerned.

ACTIVE DUTY PHYSICIANS

Let my ask this to clarify what was said a little while ago also, regarding the number of physicians that you now have on active duty, do we have a clear justification for this number?

Dr. **Mayer**. We have a justification in the sense that we have been allowed to know that that is how many we can have. As far as a medical justification for all those people, in great detail for the 8 million civilians we take care of in addition to the military, no. That has not been worked out in that detail. It is a question of supply and demand, in many cases.

That is why we have an imbalance today in the distribution of our specialists, because the demand that is made on the medical service is not a war time demand, it is a 24-hour a day, 7 day a week demand for peacetime health care. That is what we staff to because we have got to have those doctors.

So adjusting that to have the additional numbers of critical specialists for war bumps up against the total number of doctors we are authorized. As to your question, in my judgment, no. The number that we are authorized is not the result of a conscious sorting out of exactly what kind of patients show up in peace time at each hospital, and tailoring the medical staff to meet that.

Senator **Glenn**. Should we not have that?

Dr. **Mayer**. It is partly doable, and in fact we are working toward that now. We are undertaking a very major manpower determination, medical manpower standards project, based on some work that has been going on in the Air Force for many years, and to a lesser extent in the Army for some years.

Within the next I would say 3 months, we expect to have initial standards based on the requirements, both for war time as well as the inescapable daily requirement for this huge peace time system. But these standards will be a starting point by which the services can, with some consistency, staff their hospitals with the proper kinds of specialists and proper kinds of support personnel.

Again, obviously, if it is a small hospital in the sun belt that all of a sudden has a huge number of retired people, their needs for certain kinds of physicians are going to be different from say the Army hospital at Fort Hood, which serves a bunch of young troops and their families.

Senator **Glenn**. But I would think we have a pretty good experience level with that respect, and the times when we would have a surge situation, such as at one particular spot, that would be the abnormal instead of the normal.

Of all the things in our whole society that we have a good handle on, it would seem to me it would be the experience that we have had in the past with military bases and what was required, such as: the number of doctors, number of tanks, number of infantry, number of whatever that this would be a pretty cut and dry situation. There are certain percentages and I assume that you know the demographics of your troop personnel there.

We should be able to come up with some figures that are reasonably reliable, rather than just a floating crap game of some kind.

Dr. **Mayer**. That is why we are establishing standards across the three services.

General **Becker**. Lest it sound like it is a total disaster, we know exactly what the requirements are to operate our hospitals. We do not staff totally to that requirement. This requirement is one that is set by the manpower experts. We know on each post from the demographics there.

Now, we do not totally staff for all of the retirees and their dependents that are in the area. You know, they are only allowed care in our hospitals on a space available basis.

Senator **Glenn**. But then we have CHAMPUS outside.

General **Becker**. Yes sir, and we take care of those. We also have requirements in our field units. As you know, every division medical battalion, et cetera, has requirements for physicians. Those are not in those units and they are in part of that authorization that we have, which is still less than our requirements in our peacetime hospitals, and if we go to war, we send them out to those units.

So we know what is required to operate the peacetime health care system, less that great pool of people who are now getting CHAMPUS care. We can give you the documents on that.

Senator **Glenn**. Admiral, do you want to comment on that?

Admiral **Seaton**. Yes sir. I responded to a similar question last year when you asked, do you have enough manpower to do your job? The question is, what is the job in peacetime?

The peacetime mission has never been totally established, as you have just alluded to. We have never promised the retirees and their dependents that we would absolutely take care of them in the direct care system. We have said, we will provide for you one way or the other.

So indeed the float is, unless you fence medical manpower, you get your fair share allocation of congressionally authorized end strength levels within your service. And then the rest comes from CHAMPUS.

So yes, it does fluctuate a little bit in that fashion, and that is why there are differences between the services.

Senator **Glenn**. We have a pretty good track record of what is needed in most of these areas and what the requests are and what the needs are, and it would seem to me that it could be reflected in doctors, nurses, orthopedists, or whatever it is you are talking about across the board.

We would have a pretty good idea, when you total it all up for DOD, what our needs are in the medical area, just as for tanks or airplanes or anything else.

General, do you have a comment?

General **Chesney**. We have that worked out also. We think we have enough to take care of about 80 percent of our daily peacetime requirements. We are, for instance, 700 physicians short of the number that we need for the first day of a major war, for instance, in Europe.

Now, we also have to balance with the services, if we have a 1-, a 2-, a 3-percent officer cut this year, next year, and the year after, then we have to take that along with the other services.

Since in the Air Force the only people that fly and fight are the pilots, if the pilots are exempted and we get more cuts in the medics, for instance, than the active pilots do, why then we may be double-dipped and have to take more than say a 6-percent cut of officers over the next 3 years, which is what we are looking at right now.

Senator **Glenn**. I have just a couple of other questions, quickly, because we do have to move on to the second panel, and I want Senator McCain to have another chance with this panel.

USER FEES

In relation to DOD's intention to implement a test program for charging fees for outpatient medical costs, medical care delivered to military dependents and retirees; does DOD have the authority under current law to impose user fees?

Dr. **Mayer**. Yes, sir, I believe they do.

Senator **Glenn**. You would not be asking for legislation in this area then.

Dr. **Mayer**. No, sir. As I understand it, no new legislation is required.

Senator **Glenn**. This idea has been around the newspapers a little bit. What has the reaction been from the services?

Dr. **Mayer**. Universally negative.

Senator **Glenn**. That is what I figured. It would be for me, too.

Senator **McCain**. Intensely negative.

Senator **Glenn**. Have you given up on that idea at this point?

Dr. **Mayer**. No, sir. The President's budget calls for us to conduct a test. That is certainly an understandable requirement from people in business and management because certainly the direction of civilian health care is to charge the recipient of that health care increasingly large portions of the cost, as a co-payment.

Senator **Glenn**. Is this not breaking faith, though, with what people thought they were going to get when they signed up?

Dr. **Mayer**. It certainly——

Senator **Glenn**. Is. [General laughter.]

Pardon me. That was rude. Go ahead.

Dr. **Mayer**. Surely in the minds of a great many people it is a deviation from what they thought they were entitled to.

In defense of the people who think up this sort of thing, I think there is a belief that after all there is a finite amount of resources, there are finite numbers of physicians and helpers. And if the imposition of such a deterrent to alleged, and I quote, frivolous overutilization of the health care system, and I should go on record saying I do not believe there is frivolous overutilization of any part of the military health care system, but if that is perceived by some to be true, and if this could deter that a little bit and thus free up the doctors and the resources to give better care to the people who are left, then I suppose that is a rationalization.

Senator **Glenn**. I am a little bit concerned about this because I think if you want to make this prospective; that, say we try it out on people coming in, and they understand when they come in that this is going to be the basis on which they sign up in the service, then they understand what they are getting into.

When you have people in there, and you do have careerists in there, who have spent 20, 25, 30 years and they signed up under this, they depended on it, because it is part of their compensation package, and in mid-stream you say, we really did not mean it fellows, you know, do not depend on your government.

Whap, we pull the rug out from under you. We are going to charge you for these things you thought you were going to get as part of your career package, I think you should tread very, very carefully with that one.

Dr. **Mayer**. We intend to tread very gently in a very restricted area and very carefully.

Senator **Glenn**. I know where the push is coming for all these user fees and so on. And it has not necessarily origniated in your shop. But I just think we should be very, very careful when we get in this area.

We are running rapidly out of time here. Senator Dixon could not be here this morning. He has another hearing. He asked me to get your views on whether or not we are giving an adequate test to the CHCS medical information system.

COMPOSITE HEALTH CARE SYSTEM

He is concerned that this not be pushed too fast, that we not be so anxious to get into it that we are pushing it too fast and not know what we are doing, which would basically summarize his letter.

He has had correspondence back and forth with you and I have a copy of your response, and also a letter you sent to Chairman Montgomery over in the House Veteran Affairs Committee, that addressed this issue a little bit. Would you address that?

Dr. **Mayer**. As I mentioned in the opening statement, we have been in the process of procuring various parts of a computerized medical information system for more than 12 years and at great expense. When we started this procurement for a uniform system across the services and across the world, which we have to have, we set up a timetable, which has already slipped by more than a year.

As far as adequate testing of it goes, in addition to an extended benchmark test, which is really industry standard for flying off competitors for this kind of a system, when we set that up originally we thought that was adequate testing. The Congress last year said they wanted an operational test in addition, and that is a different kind of test.

So we added that. That is what is driving our testing costs up over $50 million. Now we are going to extend the operational test for at least another year. So by that time we will have been in this procurement for about 15 years.

We have had advice from the GAO, from the OMB, from the major automated information systems review council in the Pentagon, from a dozen different computer expert companies, and I do not think that by the remotest stretch of the imagination it can be said that we are pluging ahead at all.

It is costing the taxpayer a huge amount of money. I do not want to waste money by going too fast. But I have never seen any DOD procurement tested as thoroughly as this one is going to be tested.

USER FEES

Senator GLENN. I would like a clarification of one thing. You feel you have authority, under current law, to impose user fees. You would not be coming to Congress for that authority.

Dr. MAYER. That is my understanding from the counsel.

Senator GLENN. It would be counsel's opinion also over there, I presume, that if we wanted to stop that, we would have to have legislative action on the Hill. Is that correct?

Dr. MAYER. Yes, I suppose so.

Senator GLENN. A question staff was suggesting to me is, that if there was report language that we not favor such a process, would that be sufficient to stop any user fees?

Dr. MAYER. I have always operated on the position that for me to ignore report language is to take a very great personal risk. [General laughter.]

Senator GLENN. Think very hard about user fees then. [General laughter.]

I think we understand each other. Thank you. Senator McCain.

BROOKE ARMY MEDICAL CENTER

Senator MCCAIN. Dr. Mayer, I just have one question that Senator Wilson wanted asked, and that was, is there continuing pressure on the Department to build a new hospital at Brooke Army Medical Center in San Antonio of the size much larger than the Department believes necessary.

If the Department is required to build a facility at Brooke, which is larger than justified, what other medical construction programs which can be fully justified will have to be reduced or terminated? If you wish, you can provide that for the record?

Dr. MAYER. I will provide it in detail for the record. Of course we have not finalized the determination of what we might have to cancel. But even to build the hospital that I have approved building down there, which I must say, is not a single free-standing hospital, but part of a 1,200 bed medical center, part of whose beds are at Wilfred Hall across town, just as part of Georgetown's beds are in different places and so on.

Even to build the elaborate, magnificent medical center that we are building down there, is going to require that we cancel or slide farther and farther into the out years, troop clinic projects at places, well, life safety upgrades in various hospitals all around the world, put off troop clinics at Camp Lejeune, Fort Benning, Fort Bragg, Fort Hood, Fort Riley, even Fort Sam Houston, Lackland, Quantico, Patrick, Almandorf, Alaska, Fort Campbell, Fort Gordon, Miramar, Newport, Portsmouth, another thing at Quantico, just to make the hospital that we are having.

[The information follows:]

BROOKE ARMY MEDICAL CENTER

Assuming no increase in the dollars available to the Medical Military Construction (MILCON) Program, several projects currently in the fiscal year 1990–92 program will have to be deferred in order to build a Brooke Army Medical Center (BAMC) replacement which meets all the terms of last year's sizing agreement—200-beds initial construction with design for expansion to 450 if justifiable in the future. The cost of doing this is now estimated by the Defense Medical Facilities Office at $241 million in contrast with last year's estimate of $135 million.

The accommodation of the $106 million in cost growth on the Brooke Project will have a major negative impact on the Medical MILCON Program unless funds are added to the program. The following table summarizes the BAMC funding profile and impact on the total program at its current size.

[In millions of dollars]

	Current	Revised	Change	Program impact
Fiscal year:				
1987	$10	$10	$0	$0
1988				
1989	23	23		
1990	52	87	+35	(35)
1991	50	87	+37	(73)
1992		34	+34	(111)
Total	135	241	+106	(219)

The Defense Medical Facilities Office estimates that 27 projects will have to be deferred 1 year to accommodate BAMC.

The fiscal year 1990-1992 program is currently being reviewed by the Military Departments. Their comments and identification of new requirements in support of high priority projects, such as contingency hospitals and mission beddowns, could further impact the program and result in more deferrals. Currently, plans are to present a revised Medical MILCON Program to the ASD(HA) and then to the Medical Program Review Committee in May. The full adverse impact on the medical MILCON Program of the $106 million cost increase for Brooke will not be known until that time. The 27 deferrals are as follows:

DEFERRALS

Location	Service	Description	Cost (thousand)
Fiscal year 1990:			
Andrews, MD	Air Force	Clinic Annex Alter	$2,200
Andrews, MD	do	Medical Logistics Fac	3,700
Hickam, HI	do	Clinic Add/Alter	10,600
Hurlburt, FL	do	Med/Den Clinic Replace	5,000
March, CA	do	Medical Logistics Fac	2,600
Plattsbgh, NY	do	Hosp life safety upgrade	1,500
Roosevelt Rds, PR	Navy	Hosp life safety upgrade	8,500
Total			34,100
Fiscal year 1991:			
Camp Lejeune, NC	do	New River Troop Clinic	3,100
Elmendof, AK	Air Force	Hospital add/alter	30,000
Fort Benning, GA	Army	Troop Medical Clinic	2,500
Fort Bragg, NC	do	do	6,200
Fort Hood, TX	do	do	3,500
Fort Riley, KS	do	do	4,900
Lackland, TX	Air Force	Training Ctr Add-alter	4,100
Patrick, FL	do	Dental Clinic	2,800
Portsmouth, NH	Navy	Comp Health Care Center	8,600
Quantico, VA	do	Officers Cand School Clinic	2,600
Tinker, OK	Air Force	OCC Health Clinic	5,200
Total			73,500
Fiscal year 1992:			
Dam Neck, VA	Navy	Medical dental Clinic	2,400
Elmendorf, AK	Air Force	Hospital Addition/Alteration	40,000
Fort Campbell, KY	Army	Troop Medical Clinics	5,000

DEFERRALS—Continued

Location	Service	Description	Cost (thousand)
Fort Gordon, GA	do	Clinical Investigation Facility	900
Miramar, CA	Navy	Med Clinic Addition Alteration	10,000
Newport, RI	do	Comprehensive Health Care Center	15,500
Portsmouth, VA	do	Hospital Replacement Phase III	4,700
Quantico, VA	do	Comprehensive Health Care Center	15,900
San Diego, CA	do	Medical Dental Clinic	16,600
Total			111,000

If the replacement for BAMC were to be enlarged to include 100 percent of the core functional areas (instead of the 85 percent now planned) needed to support expansion to a 450-bed hospital, the project cost would be an estimated $255 million and the following additional deferrals would be necessary, unless the dollars available to the Medical MILCON Program were increased by an addition of approximately $14 million.

DEFERRALS

Location	Service	Description	Cost (thousands)
Fiscal year 1990:			
Camp Lejeune, NC	Navy	Court House Bay Clinic	$3.1
Walter Reed, DC	Army	Magnetic Resonance Imaging	2.4
Total			5.5
Fiscal year 1991:			
El Centro, CA	Navy	Medical/Dental Clinic	1.5
Fort Sill, OK	Army	Troop Medical Clinic	1.8
Lackland, TX	Air Force	Magnetic Resonance Imaging	4.9
Portsmouth, VA	Navy	Hospital Replacement Phase II	1.2
Total			9.4
Fiscal year 1992:			
Chanute, IL	Air Force	Hospital Life Safety upgrade	4.0
Cannon, NM	do	do	7.3
Portsmouth, VA	Navy	Hospital Replacement Phase III	3.2
Total			14.5

If the replacement for BAMC were to be enlarged to the Army's original 450-bed design, including the Institute for Surgical Research and the Clinical Investigations Department, the total estimated cost would be $373 million and the following $136.3 million of additional deferrals would be necessary.

DEFERRALS

Location	Service	Description	Cost (thousands)
Fiscal year 1990:			
Camp Lejeune, NC	Navy	Court House Bay Clinic	$3.1
Walter Reed, DC	Army	Magnetic Resonance Imaging	2.4
Chanute, IL	do	War Reserve Material Storage	.4
Baumholder, GE	do	Dental Clinic	3.4
Schwaebisch-Gmuend	do	Medical/Dental Clinic	2.4
Friedberg, GE	do	Medical/Dental Clinic	3.5
Kunsan, KO	Air Force	Hospital Replacement	12.0
Staten, IS	Navy	Medical/Dental Clinic	16.4
Total			43.6

DEFERRALS—Continued

Location	Service	Description	Cost (thousands)
Fiscal year 1991:			
El Centro, CA	Navy	Medical Clinic	1.5
Fort Sill, OK	Army	Troop Medical Clinic	1.8
Lackland, TX	Air Force	Magnetic Resonance Imaging	2.4
Portsmouth, VA	Navy	Hospital Replacement Phase II	5.4
Grissom, IN	Air Force	Hospital Life Safety Upgrade	2.5
Mac Dill, FL	do	do	7.5
Fallon, NV	Navy	Medical/Dental Clinic	5.3
Guam, MI	do	Medical Clinic	3.5
Nellis, NV	Air Force	Hospital Replacement	60.5
Total			90.4
Fiscal year 1992:			
Chanute, IL	Air Force	Hospital Life Safety Upgrage	4.0
Cannon, NM	do	do	7.3
Camp Lejeune, NC	Navy	Hadnot Point Clinic	8.0
Guam, MI	do	Medical/Dental Clinic	3.0
Dyess, TX	Air Force	Hospital Addition/Alteration	22.0
Fort Bragg, NC	Army	Hospital Replacement	82.0
Torrejon, SP	Air Force	Hospital Addition/Alteration	10.0
Total			136.3

Senator McCAIN. Nothing in Arizona?

Dr. MAYER. I could not find anything in Arizona, but if I look hard enough——

Senator McCAIN. Thank you, Dr. Mayer.

Dr. MAYER. I forgot San Diego.

Senator McCAIN. Although we joke a little bit, I think this is a serious issue, Mr. Chairman. Unless there is ample justification to cause this adjustment in priorities on the part of DOD, I think a case is made for better facilities in many places throughout the country.

Unless there is some overriding, convincing argument, I think we ought to try to put the brakes on this until we can get additional information.

I thank you, Mr. Chairman. I thank the panel.

Senator GLENN. Thank you, gentlemen. We have gone over the time limit that we had set for this morning. I appreciate your forbearance with us.

I do not know at this time whether we will have a subsequent set of hearings out of this one or not, but we have to move along this morning. Thank you all very much for being here.

Dr. MAYER. Thank you for your support in the past and your great kindness.

Senator GLENN. The second panel will be Dr. David Baine, Associate Director, Human Resources Division of GAO, U.S. General Accounting Office, Dr. Melrow Quasney, Associate Director, Information Management and Technology Division, U.S. General Accounting Office.

Thank you gentlemen. We have gone quite a while this morning, and I know you have had to sit and wait. We appreciate your forbearance this morning, but I think we brought up some rather important issues, and I am sure you would agree.

As I understood it, you are going to enter your statements in the record. Is that correct? If you would like to give a summarized version of them, at this time go ahead and if not, we will proceed with questions.

STATEMENTS OF DAVID P. BAINE, ASSOCIATE DIRECTOR, HUMAN RESOURCES DIVISION, U.S. GENERAL ACCOUNTING OFFICE, AND MELROW D. QUASNEY, ASSOCIATE DIRECTOR, INFORMATION MANAGEMENT AND TECHNOLOGY DIVISION, U.S. GENERAL ACCOUNTING OFFICE, ACCOMPANIED BY JAMES WALSH AND ALLEN LI

Mr. **Baine**. I would like to give you about a 1 minute summary, then turn it over to Joe, have him do the same, and then we will be available for questions.

Mr. Chairman and members of the subcommittee, we are glad to be here this morning to discuss our recent report on DOD's plans to substantially change its $1.8 billion CHAMPUS program.

With your permission I would like to ask that both our prepared statements and our March 4th report be included in the hearing record.

Senator **Glenn**. Without objection, it will be included.

Mr. **Baine**. As Dr. Mayer has discussed, the changes planned for CHAMPUS are major and the initiatives and objective are ambitious.

DOD originally planned for a nationwide implementation of the initiative by the fall of 1987, using three large contracts. After receiving direction from the Congress to first demonstrate the initiative's feasibility and after reviewing industry's comments on its draft request for proposal, DOD revised its plans.

While the initiative may be based on several sound premises, its ultimate success could be jeopardized if three key issues are left unresolved before its nationwide implementation.

These issues include the possibility of significant cost increases, the potential adverse effects on beneficiary satisfaction, and the potential increase in program complexity.

In our March 4th report, Mr. Chairman, we made three recommendations to the Secretary of Defense, which we believe he should take a very close look at before DOD implements the initiative nationwide. These recommendations were directed toward (1) expeditiously developing a methodology, which DOD apparently does not now have, for conducting a thorough evaluation of the initiative's demonstration phase; (2) assuring that the demonstration phase is of sufficient duration, that issues such as those we raised in our report and those that may arise during the demonstration can be thoroughly evaluated before DOD proceeds to subsequent phases of the initiative; and (3) informing the Congress promptly, if DOD determines that the congressionally directed timetable of mid-1989 cannot be feasibly met.

Thank you. Mr. Quasney can, I hope, present you a brief summary, and we will be available for questions.

[The prepared statement of Mr. Baine follows:]

PREPARED STATEMENT OF DAVID P. BAINE

Associate Director, Human Resources Division

Mr. Chairman and Members of the Subcommittee:

We are pleased to be here today to discuss our recent report on the Department of Defense's (DOD's) plans to change the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS).[1] As I am sure you are aware, we have been monitoring DOD's development of changes to CHAMPUS, called the CHAMPUS Reform Initiative. Our work is not yet complete and will continue.

The changes planned for CHAMPUS are major. Instead of contracting only for the processing and payment of medical claims, the new program would also contract with private industry for the delivery of medical care to CHAMPUS beneficiaries.

The Initiative's objectives are very ambitious. They are to contain CHAMPUS costs for both the government and beneficiaries, increase beneficiary access to health care, improve coordination between CHAMPUS and the military treatment facilities, assure quality of care, and simplify CHAMPUS administrative procedures.

To achieve these objectives, DOD plans to use the following features:

- competitive fixed-price contracts awarded to private sector health care providers to help contain costs;

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[1] DEFENSE HEALTH CARE: CHAMPUS Reform Initiative: Unresolved Issues (GAO/HRD-87-65BR, Mar. 4, 1987).

-- a voluntary enrollment system, called CHAMPUS Prime, to improve beneficiary access to care and simplify CHAMPUS administrative procedures;

-- a health care finder mechanism to improve coordination between CHAMPUS military treatment facilities and beneficiaries;

-- quality assurance standards that must be adhered to by contractors; and

-- staff-sharing agreements whereby contractor staff would augment staff in military treatment facilities.

DOD originally planned nationwide implementation of the Initiative by the fall of 1987 using three large contracts. After receiving direction from the Congress to first demonstrate the Initiative's feasibility before implementing the changes nationwide, and after reviewing industry comments on its draft request for proposal, DOD revised its plans. The major revisions were:

-- The Initiative would be phased in, and experience gained from the first phase would be reflected in later phases.

-- The first phase would cover six states.

-- Provisions beyond those in the draft request for proposal were made to reduce the contractors' financial risk if beneficiary utilization of program services was higher than expected.

- Provisions were included to ensure stability of medical care for beneficiaries should the demonstration fail.

ISSUES NEEDING RESOLUTION

I would now like to discuss what we believe are the key issues that DOD should resolve before it proceeds with nationwide implementation of the Initiative. While the Initiative may be based on sound premises, its ultimate success may be jeopardized if the issues we have identified are left unresolved. These issues include

- the possibility of cost increases,
- the potential adverse effects on beneficiary satisfaction, and
- a potential increase in program complexity.

Program costs may increase under the Initiative

Although DOD believes that the Initiative will contain costs, it has not analyzed (1) the potential savings expected from the Initiative's cost-saving features, (2) the potential costs of making program improvements, or (3) the costs of implementing its various administrative requirements. Rather, DOD officials told us that they will rely on industry bids to determine whether the Initiative can achieve the objective of containing costs.

According to many industry comments on the Initiative, beneficiary utilization of the program may also increase because of the planned additional benefits and lower cost sharing by beneficiaries. Several companies also stated that the proposal contradicts the trend in the health industry to shift benefit costs to the beneficiary, especially when benefits are being enhanced. Increased utilization, increased benefits, and lower cost sharing by beneficiaries could result in higher costs to the government.

To protect contractors from unanticipated increases in utilization, DOD plans to revise the risk-sharing provisions in Initiative contracts. DOD hopes to encourage potential contractors to submit more reasonable bids than they otherwise might if contractors were solely responsible for the costs of increased use of program services. However, this could shift substantial risk from the contractor to the government and may reduce DOD's ability to achieve one of the Initiative's principal objectives--containment of CHAMPUS costs.

It may also prove costly to implement the Initiative's innovative and complex features under fixed-price contracts. Under fixed-price contracts, if ambiguities in contract specifications must be clarified, the contractor is entitled to higher compensation for additional work required by the clarifications. These contract clarifications, called change orders, can result in substantial increases in the original contract price. Contracting officials we interviewed said that change orders are required more frequently in procurements, such as those contemplated under the Initiative, in which contract specifications are complex and innovative. They noted that the government is in a weak position when negotiating change order prices because it is responsible for ambiguities in the original specifications.

The Initiative may not increase beneficiary satisfaction

Turning now to the issue of beneficiary satisfaction, DOD states that CHAMPUS beneficiaries are dissatisfied with the current program because of beneficiary cost-sharing requirements, complex CHAMPUS procedures and problems in claims processing, and long delays in receipt of claim payments.

DOD expects the Initiative to improve beneficiary satisfaction, but information from both industry and beneficiary organizations raise concerns about whether this will occur. Industry perceives problems with some of the key features designed to increase beneficiary satisfaction, such as mechanisms to refer beneficiaries to providers, quality assurance systems, and contractor staff working in military treatment facilities. Beneficiary organizations are concerned about the disruptions in service that might be caused by such a major program restructuring and also that contractors will have a financial incentive to direct beneficiaries to lower cost contractor providers.

Program complexity may increase under the Initiative

The third issue I would like to address is that of program complexity. While the Initiative may reduce beneficiary problems associated with the filing of claims, it requires contractors to implement a number of new program features while retaining essentially intact the current CHAMPUS features. Having these new features layered on top of the existing program creates the potential for increased program complexity for both contractors and beneficiaries. In addition to CHAMPUS Prime and the health care finder, new features include utilization review and quality control systems, contractor staff working in military treatment facilities, and a management information system. For beneficiaries not enrolling in the contractor's network of providers, all of the current requirements that DOD claims need correction, such as submission of claims and beneficiary cost sharing, would continue to apply.

In commenting on the draft request for proposal, a number of industry respondents expressed concerns that the Initiative's administrative requirements were excessive, overly restrictive, duplicative, and unclear. Industry as well as the military services have also expressed reservations about coordination of activities between the contractor and the military treatment facilities. Industry respondents stated that the coordination with military facilities envisioned under the Initiative would be difficult to achieve due to the issue of control and the complexity of the requirements. The services also want better clarification of the responsibilities and authorities of the contractor and the military facility commanders in the areas requiring coordination. Each of the services has expressed concern about contractor management of the military direct care system.

DOD RECENTLY ISSUED REQUEST FOR PROPOSAL

Since issuing our briefing report, we have reviewed DOD's February 27, 1987, request for proposal for the Initiative's demonstration phase. This new request for proposal has addressed many of the concerns raised by industry respondents to DOD's draft request for proposal by permitting offerors more flexibility in designing systems to meet new program features. As discussed earlier, to address potential contractors' concerns about risk sharing, DOD has adjusted the risk-sharing provisions. It will also allow offerors to submit alternative cost proposals that DOD will consider if its own risk-sharing methodology does not elicit enough bids.

DEMONSTRATION PHASE NEEDS TO BE THOROUGHLY EVALUATED

We believe the issues discussed in our report remain substantially unaltered by DOD's recent action. We also believe that the Initiative's demonstration phase is critical and presents an excellent opportunity to assess these issues. Our past work involving evaluation of demonstration of risk-sharing contracts with the private sector in the Medicare and Medicaid programs[2,3] has shown the need to proceed cautiously with the initial phases of complex undertakings.

DOD officials told us on February 24, 1987, that a methodology to evaluate the demonstration project has not yet been developed. Moreover, these officials could not estimate when such a methodology would be available. Because the Initiative may have significant effects on the military health care system and its beneficiaries, we believe that DOD should develop thorough evaluation criteria for the demonstration project at the earliest possible date.

In evaluating the demonstration, DOD should, at a minimum, determine the effects the Initiative has had on meeting DOD's objectives. For example, CHAMPUS now has the authority to reimburse hospitals using the same methodology that Medicare uses. In evaluating whether or not the CHAMPUS changes will result in cost containment, DOD's estimated savings of $258 million annually that can already be attained under the existing program should be considered. The evaluation should also cover a period of time sufficient to develop the information necessary to adequately assess the Initiative's effects.

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[2] MEDICARE: Issues Raised by Florida Health Maintenance Organization Demonstrations (GAO/HRD-86-97, July 16, 1986).

[3] MEDICAID: Lessons Learned From Arizona's Prepaid Program (GAO/HRD-87-14, Mar. 6, 1987).

RECOMMENDATIONS TO THE SECRETARY OF DEFENSE

In view of the many complexities and uncertainties involved in developing and implementing the Initiative, we recommended that the Secretary of Defense direct the Assistant Secretary of Defense (Health Affairs) to

- expeditiously develop a methodology for conducting a thorough evaluation of the Initiative's demonstration phase;
- assure that the Initiative's demonstration phase is of sufficient duration that issues such as those raised in our report and those that may arise during the demonstration can be thoroughly evaluated before DOD proceeds to subsequent phases of the Initiative; and
- inform the Congress promptly if DOD determines that the congressionally directed timetable (mid-1989) for nationwide implementation of the Initiative cannot be met because of the need for a more thorough demonstration phase and a subsequent evaluation of that phase.

This concludes my prepared remarks. We would be glad to answer any questions you have.

Mr. QUASNEY. I appreciate the opportunity to comment on Defense's ongoing effort to modernize its medical information systems throught the Composite Health Care System known commonly as CHCS. With your indulgence, I will summarize my statement, which will be provided for the record.

Senator GLENN. It will be included.

Mr. QUASNEY. CHCS, potentially a billion dollar plus program, is the latest of several attempts at developing a standardized, integrated, automated system that Defense could deploy in its medical facilities worldwide.

Defense's latest effort, CHCS, is meant to correct past deficiencies. Initiated in 1984, CHCS is a major component of Defense's Tri-Service Medical Information System program known as TRIMIS. The TRIMIS program office, under the Assistant Secretary of Defense for Health Affairs, currently spearheads this effort.

CHCS is intended to be deployed at 168 military hospitals and more than 500 clinics worldwide. The CHCS effort has been the subject of recent congressional guidance aimed at reducing development risk and controlling cost.

Two of these measures pertain to Defense's ongoing competitive procurement; (1) to better define system requirements, and (2) testing competing offers system in a live environment, a fly before you buy concept. A third measure involves assessing an alternative to Defense's competitive procurement approach by testing the feasibility and cost effectiveness of using an existing Veterans Administration system.

It should be noted that Defense is applying considerable effort and resources to comply with congressional direction. Congress has also directed the General Accounting Office to evaluate and report on Defense's acquisition of the CHCS and its conduct of the VA test system.

In keeping with this directive, GAO will continue to provide information to the Congress of these matters, and if appropriate raise issues that we believe warrant attention.

As required by the fiscal years 1985 and 1986 Defense Authorization Acts, we have issued two reports on CHCS activities. One, on the VA system test at March Air Force Base and another on the CHCS acquisition strategy.

A third report discussing the results of Defense's evaluation and award of Stage One development contracts will be issued in a few weeks.

On the basis of our continuing evaluation of Defense's activities, we have raised concerns over whether Defense will have the appropriate information to select a single vendor by its current target date of March 1988. For example, while Defense has modified its acquisition strategy to incorporate operational testing, we believe Defense may not have sufficient time to complete necessary activities and to perform a test of competing systems to adequately evaluate their capabilities in an operational environment.

Likewise, preliminary results from our review at one of the VA's test system sites indicate that meaningful information may not be available by October 1, 1987, the congressionally-mandated completion date for this test.

It should also be noted that regardless of the solution selected by Defense, using one of its development offerors going with the VA system, significant expenditures will have to be made. Indeed, once installed, either alternative will require hardware, operating personnel, site preparation, and maintenance of the computer systems.

On the basis of current estimates, these costs will probably represent the largest portion of the total system cost. Because of the large amont of hardware needed, software development costs are small in comparison to the balance of the total system cost.

We are addressing this very complex issue by focusing our work on three issues:

Is the current CHCS competitive procurement process following established procurement regulations which ensure fair and open competition, and are test results and other evaluations supportive of Defense's choice?

2. Is the alternative of using the VA system, being given a fair and reasonable evaluation, and is Defense adequately incorporating test results in selecting its CHCS solution?

3. Is Defense properly factoring in cost and benefits of its requirements and designing an affordable system?

In addressing the last issue, we will be considering the cost-effectiveness of CHCS and VA system as a whole. It is possible that Defense's need for additional computer capacity to meet mobilization requirements might be better satisfied by combining the CHCS and VA systems, if they were more alike.

Likewise, because it is considering significant expenditures for expanding its own systems, it is possible that the VA might benefit from the CHCS solution.

In summary we believe the potential billion-dollar investment the Government will make to deploy the CHCS warrants a sound acquisition strategy that approximately considers needs, performance and costs.

We will continue to assist the Congress in assuring the money is well spent. This concludes my testimony, Mr. Chairman. I will be pleased to answer any questions that you or other Members may have at this time.

[The prepared statement of Mr. Quasney follows:]

PREPARED STATEMENT OF MELROY D. QUASNEY
Associate Director, Information Management
and Technology Division

Mr. Chairman and Members of the Subcommittee:

We appreciate the opportunity to comment on Defense's on-going effort to modernize its medical information systems through the Composite Health Care System--commonly known as CHCS.

CHCS is the latest of several attempts at developing a standardized, integrated, automated system that Defense could deploy at its medical facilities worldwide. Problems related to prior efforts and the high cost associated with developing such a system have prompted the Congress in the past three years to direct Defense to implement measures aimed at reducing development risk and controlling costs. These measures included better defining the system's requirements, testing competing offeror systems in a "live" environment--a "fly-before you buy" concept--and testing the feasibility and cost-effectiveness of using an existing Veterans Administration (VA) system.

Congress also directed the General Accounting Office (GAO) to evaluate and report on Defense's acquisition of CHCS and its conduct of the VA system test. In keeping with this directive, GAO will continue to provide information to the Congress on these matters and, if appropriate, raise issues that we believe warrant attention. We recognize that the on-going nature of the CHCS procurement often requires that these concerns be raised before decisions and actions by Defense are finalized. In this context, we believe we can be most helpful by surfacing these matters as quickly as possible so that needed changes can be implemented in a timely manner.

Defense is applying considerable effort and resources to comply with congressional direction. It is more clearly defining the requirements for CHCS and has recently awarded contracts to four offerors for the development and demonstration of their systems in an operational environment. As mandated by the Congress, Defense is also testing the VA system in two military hospitals.

However, on the basis of our continuing evaluation of Defense's activities, we have raised concerns over whether Defense will have the appropriate information to select a single vendor by its current target date of March 1988. For example, while Defense has modified its acquisition strategy to incorporate operational testing, we believe that Defense may not have sufficient time to complete necessary activities and to perform a test of competing systems to adequately evaluate their capabilities in an operational environment. Likewise, preliminary results from our review at one of the VA system test sites indicate that meaningful information may not be available by October 1, 1987, the congressionally-mandated completion date for this test.

Today's testimony discusses the evolution of CHCS and the issues we believe should be addressed before Defense, under its current strategy, makes a billion-dollar investment decision in March 1988.

DEFENSE'S EFFORTS TO AUTOMATE ITS MEDICAL FACILITIES

Defense has been attempting to develop computer support for its hospitals and clinics since 1968. During fiscal years 1976-1984, Defense spent about $222 million to acquire, implement, and operate various stand-alone and integrated health care computer systems designed to automate a wide range of administrative and medical activities. Within that time frame, the House and Senate Appropriations Committees and the House Committee on Government Operations were especially critical of Defense's management of the development of these systems and the absence of a clear definition of user requirements.

Defense's latest effort--CHCS--is meant to correct past deficiencies. Initiated in 1984, CHCS is a major component of Defense's Tri-Service Medical Information System program, also known as TRIMIS. The TRIMIS program office, under the Assistant Secretary of Defense (Health Affairs), currently spearheads this effort. CHCS is intended to be deployed at 168 military hospitals and more than 500 clinics worldwide.

DEFENSE'S CHCS ACQUISITION STRATEGY

In response to growing congressional concerns about the risks associated with the acquisition of these complex and costly medical ADP systems, the Assistant Secretary of Defense (Comptroller) in 1979 directed the TRIMIS program office to follow acquisition guidelines specified in the Office of Management and Budget Circular A-109. This circular instructs federal agencies on how to conduct major hardware and software system acquisitions. Its intentions are twofold: (1) to improve the management process and (2) to minimize risks of inadequate system performance and excessive costs. In 1984, the House and Senate appropriations conferees also directed Defense to use the A-109 strategy.

As a result of this congressional direction and additional guidance from the House and Senate Armed Services Committees, Defense has applied considerable time and effort in developing and modifying a two-stage acquisition strategy. Under its original plan, during Stage I, initial systems development contracts would be awarded to up to three offerors to develop systems conforming to Defense's specifications. Each offeror would be required to demonstrate a portion of the total system in a offeror-controlled "laboratory" environment. After Defense tested and evaluated each system, a contract for Stage II would be awarded to one of the offerors for deployment at twelve additional military hospitals. On the basis of the system's success in that environment, Defense would then seek approval to deploy the system worldwide.

Defense has since modified its original plan by expanding the field of competition from three to four offerors in May 1986. In addition, at the direction of the Congress, in February 1987 it added a testing phase to be conducted at a "live" operational military medical facility. This direction was provided to reduce the risks associated with acquiring a system that had not been tested in the environment that it was intended to support.

Defense currently is in the midst of Stage I. Four offerors were selected in September 1986, and testing will begin soon. Stage II is planned to begin in March 1988, and the decision to fully deploy CHCS is planned for December 1988. Defense's latest CHCS acquisition cost estimates range from $800 million to $1.1 billion depending on the type of hardware configuration proposed. Since controlling such costs was a matter of congressional concern in the fiscal year 1987 Defense Appropriations process, conferees capped the total life cycle cost of acquiring, operating, and maintaining the CHCS at $1.1 billion.

As required by the fiscal year 1986 Defense Authorization Act, we reported on Defense's CHCS acquisition strategy in March 1986[1]. Although our evaluation showed that Defense had developed a sound methodology for selecting Stage I development offerors, we were concerned that other aspects of Defense's acquisition strategy might limit the CHCS program's success. For example, we found that

-- under Defense's original plan, the final contract for CHCS was to be awarded before the selected vendor had demonstrated whether the proposed system could function in a military hospital and

-- not all of the functional requirements that had been certified as valid were included in the Request for Proposals for Stage I.

In May 1986, we notified the Assistant Secretary of Defense

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[1] ADP Systems: Concerns About the Acquisition Plan for DOD's Composite Health Care System (GAO/IMTEC-86-12), March 31, 1986.

(Health Affairs) that we had questions concerning the way that development offeror proposals were being evaluated. Defense believes it has taken the necessary precautions for a fair and competitive evaluation. A report discussing the results of our work on Defense's evaluation and award of development contracts will be issued in a few weeks.

Another matter of concern is the apparent lack of time Defense has allotted to complete system testing. On the basis of the current acquisition schedule, which calls for completion of operational testing by November 1987, we believe Defense may not have sufficient time to complete software development, site preparation, hardware installation, user training, and to perform a test of competing systems to adequately evaluate their capabilities in an operational environment.

We understand that Defense notified the development offerors last week that it is considering a modified acquisition strategy. This strategy would award contracts to two vendors in January 1988--two months earlier than it had originally intended to select a single vendor. We are currently analyzing Defense's approach to operational testing as well as this possible change in acquisition strategy, and will advise the Congress and Defense on our views in the near future.

VA SYSTEM TEST IN A MILITARY ENVIRONMENT

During May 1984 hearings before the House Committee on Appropriations, the Assistant Secretary of Defense (Health

Affairs) was asked whether the TRIMIS program office had evaluated and tested the potential for adapting VA's Decentralized Hospital Computer Program for Defense's use. The Committee expressed concern that Defense would proceed with its CHCS procurement without adequately considering the VA system. During hearings in September 1984, members of the House Committee on Veterans' Affairs also expressed concern that Defense was about to spend substantial sums on the CHCS procurement without adequately considering the VA software. In the same time period, independent of the CHCS program, March Air Force Base hospital personnel were investigating the feasibility of implementing the patient-scheduling portion of the system being used by the VA.

In the fiscal year 1985 appropriations, conferees directed Defense to evaluate the feasibility and cost-effectiveness of using the VA software as an alternative and to continue its test of the VA software at March. In addition, it was directed to include a requirement in its CHCS Stage I procurement that one of the offerors use and adapt existing VA software for potential TRIMIS use.

In September 1985, we reported on Defense's test of the VA software at March[2]. At that time, we criticized the narrowness of Defense's test proposal; only a portion of available VA software was to be tested. We concluded that restructuring of the test was needed to ensure that the VA software receive a fair evaluation.

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[2] DOD Should Restructure the March Air Force Base Test of Veterans Administration-developed Software (GAO/IMTEC-85-14), September 11, 1985

Congressional direction on testing the VA system was also provided in both fiscal year 1986 and fiscal year 1987 Defense Authorization Acts. In the fiscal year 1986 legislation, the scope of the test was extended to a larger military facility. Defense subsequently chose Fitzsimons Army Medical Center as that second site. The purpose of the selection of a larger site was to ensure that VA's system would be capable of supporting the information needs of a larger military facility. The fiscal year 1987 legislation reaffirmed the need for such testing and directed that it be completed by October 1, 1987. Defense estimates that the total cost for both tests will be about $8.3 million.

We are currently monitoring Defense's test of the VA system at both March and Fitzsimons. While testing and user evaluations appear to be proceeding as scheduled at March, preliminary indications from Fitzsimons are that meaningful test results, conducive to an accurate assessment on the feasibility of the VA system's use in a large military facility, will not be completed by the congressionally-mandated date of October 1, 1987. In spite of concerted efforts by VA, Defense, and the Army to expedite project activities, significant delays have occurred--largely because hardware acquisition and site preparation have taken longer than expected. We will keep the Congress advised of Defense's progress on these tests so that an early decision can be made on whether to extend the tests or redirect Defense's efforts.

ISSUES GAO WILL BE ADDRESSING IN THE FUTURE

Regardless of the solution selected by Defense--using one of its development offerors or going with the VA system--significant expenditures will have to be made. Indeed, once installed, either alternative will require hardware, operating personnel, site preparation, and maintenance. On the basis of current estimates, these costs will probably represent the largest portion of the total system cost. We believe that software differences will be the primary reason for cost differences between the system acquired through the competitive procurement and one based on the VA system. However, because of the large amount of hardware needed, software development costs are small in comparison to the balance of the system costs. We view our role in evaluating the CHCS acquisition as one of providing the Congress with an informed assessment on whether Defense has selected a CHCS solution capable of meeting its needs in a cost-effective manner. We are addressing this very complex question by focusing our work on three issues:

1. Is the CHCS competitive procurement process following established procurement regulations which ensure fair and open competition, and are test results and other evaluations supportive of Defense's vendor selection(s)?

2. Is the alternative of using VA's system being given a fair and reasonable evaluation at March and Fitzsimons and is Defense adequately incorporating these test results in selecting its CHCS solution?

3. Is Defense properly factoring in costs and benefits of its requirements in designing an affordable system?

In addressing the last issue, we will be considering the cost-effectiveness of the CHCS and VA system as a whole. It is possible that Defense's need for additional computer capacity to meet mobilization requirements might be better satisfied by combining the CHCS and VA systems if they were more alike. Likewise, because it is considering significant expenditures for expanding its own system, it is possible that VA might benefit from the CHCS solution.

In summary, we believe that the potential billion-dollar investment the government will make to deploy the CHCS warrants a sound acquisition strategy that appropriately considers needs, performance, and costs. We will continue to assist the Congress in ensuring that the money is well spent.

This concludes my testimony, Mr. Chairman. I will be pleased to answer any questions that you or others may have at this time.

Senator GLENN. Thank you. You both might want to introduce your associates that you have with you for the record, so that we have everyone.

Mr. QUASNEY. This is Allen Li.

Senator GLENN. And he works with you?

Mr. QUASNEY. Yes.

Mr. BAINE. This is Mr. Jim Walsh, who is our group director in charge of our work on the CHAMPUS Reform Initiative.

Senator GLENN. Thank you very much. On the CHAMPUS Reform Initiative, Mr. Baine, the military services are all establishing preferred provider clinics. I guess that would be another name for a military HMO.

Mr. BAINE. I believe you are referring to the primary care clinics that the Army and the Navy has established and, I believe, the Air Force is also planning to provide.

Senator GLENN. Such as PRIMUS and NAVCARE and those systems. As I understand those systems, they are similar to the military's answer to HMO use. Would you define them differently?

Mr. BAINE. I would define them slightly differently, sir. I believe it is DOD's efforts to obtain primary care for its CHAMPUS beneficiary population in areas where the military treatment facility cannot provide that primary care. So it is a contract clinic operation.

Senator **Glenn**. In that way it would be similar?

Mr. **Baine**. Yes sir.

Senator **Glenn**. They are establishing these preferred provider clinics such as PRIMUS and NAVCARE. The Army has programmed 36 of these PRIMUS clinics, as I understand it, through fiscal year 1992, the Air Force four in fiscal year 1988, and the Navy a number of NAVCARE centers.

How do you see those relating to the CHAMPUS Reform Initiative?

Mr. **Baine**. I believe, sir, that DOD says that these clinics will be treated as any other military treatment facility by the contractor. In other words, the contractor, whoever gets a contract in a particular region under the CHAMPUS Reform Initiative, could refer a body of patients to these PRIMUS clinics.

That is my understanding of the situation, sir.

Mr. **Walsh**. Yes, I agree.

COST SHARING ARRANGEMENTS

Senator **Glenn**. The CHAMPUS Reform Initiative could provide different types of cost-sharing arrangements for beneficiaries. Could you explain to us some of the different approaches and what affects they would have?

Mr. **Baine**. In terms of the cost-sharing arrangements for beneficiaries, the way the initiative is set up now, you would have the cost-sharing arrangements under the basic CHAMPUS program, you would have an arrangement in which the contractor could put in place a system to require a fee for beneficiaries using the contract's network.

The third type of fee that could be required is for folks who do not sign up for the network, but then opt on a case-by-case basis to use that network. So you would have, three types of cost-sharing arrangements under this, which may become somewhat confusing to beneficiaries to know whether they are in or they are out.

Senator **Glenn**. That would cover all the people?

Mr. **Baine**. Yes, it would. And then of course, sir, the folks that get directed into the military treatment facility would go under the normal rules of being treated in the military treatment facility.

CHAMPUS REFORM INITIATIVE (CRI)

Senator **Glenn**. Under the CRI, the CHAMPUS Reform Initiative proposals, what is GAO's review of the timetables of how rapidly this could be affected?

Mr. **Baine**. Let me summarize our answer to that and maybe Jim can pick up on some of the details.

We are quite concerned whether DOD will be able to meet its congressionally mandated timetable of mid-1989 and still conduct an adequate demonstration phase for the CHAMPUS Reform Initiative, and particularly an evaluation of that phase.

One of the principal reasons that we are concerned about is that the start work date for the phase one demonstration would be around April 1 of next year. During the next 6 months following that date, the contractor is required to put in its CHAMPUS prime features.

That being the case, if the timetable the DOD is now proceeding on holds up, the demonstration portion of the initiative could be as little as 6 months with the program fully in place. And we have some concerns that that is not long enough to adequately take a look at this thing before making such a substantial investment in trying to revamp the whole program.

Senator GLENN. Mr. Walsh, do you have any comment?

Mr. WALSH. Senator Glenn, I would add that it is also our concern that if we do not get at least a minimum of a good one year demonstration and allow time after that to get some of the data in and analyze it before DOD goes out with another RFP for phase two, that we may be cutting ourselves short.

I would point out too that before the House Armed Services Committee last week, the Congressional Budget Office testified that the uncertainities that are involved in this could lead to approximately $400 million in savings, but they could also result in as much as $800 million in additional costs.

So the point is there are a lot of uncertainities. Our biggest concern though is the timetable; sufficient time must be given so that we have a real good and meaningful demonstration.

Senator GLENN. Is it that uncertain on cost, because if you total it all up, that is a $1.2 billion spread of possibilities. That is a horrendous uncertainty. Is that as close as we can estimate at this time?

Mr. WALSH. Well, Senator Glenn, I am using figures from the Congressional Budget Office. But let me add that we have a voluntary enrollment system being set up under CHAMPUS Prime, so at this stage of the game there are a lot of unknowns as to how many people will actually join the particular network.

We also have an unanswered question involving what is called the ghost enrollees. How many people might give up their private insurance and join the system, which would increase utilization. Right now it is really not possible to estimate, I do not think, any more precisely, because of the unknowns.

Of course, one key unknown is that until DOD gets the bids in at the end of May it really has nothing but an RFP at this point.

Senator GLENN. Well any time you can give us a better handle on that $1.2 billion spread, we would appreciate having the figures.

Mr. BAINE. We will do that sir.

Senator GLENN. That is a mighty big spread. You mentioned the bids, are you concerned about, buying-in to the CHAMPUS Reform Initiatives.

Buying in for other folks would mean that they come in with an exceptionally low bid to get the business and do not figure to make any money for a while. Once you are hooked, and you are in, and you have the system working, then the costs go up drastically and it ends up being more expensive than you thought it was going to be from the bid.

I think that fairly states buying-in. Are you concerned about the vendors buying-in to the CHAMPUS Reform Initiative?

Mr. BAINE. Mr. Chairman, I think that is a concern that we have and I believe that is a concern that DOD has. Part of the reason for that is, under the way the initiative is phased, if a contractor were to be awarded a contract for the first phase, it is highly likely that

that contract would then not be recompeted for about 5 years, because the contractors who get the first states in a particular region under this initiative, unless DOD changes its mind, would not necessarily have to recompete for the third phase.

So there are some incentives, and I believe DOD is aware of these incentives, for contractors to in fact try to buy in to this program.

Senator GLENN. Obviously we are very concerned about cost growth in this program, initial cost and cost growth as the years go on, if we adopt all this and go with it. In looking at this whole problem, do you see any other alternatives, either in addition to or in place of the CHAMPUS Reform Initiative, which make any sense for us to consider?

Mr. BAINE. DOD has considered a fair number of alternatives, I believe, in coming up with this CHAMPUS Reform Initiative, and rejected some of those as Dr. Mayer testified this morning.

There are some initiatives underway, such as the PRIMUS Care, the primary clinic care provided by the services, the Air Force has a health care finder project, which is to have a military facility commander contract with the health care providers in a local area.

There is some legislation on the books that authorizes or requires DOD to have a military health care account. I believe the military health care account, the status of that is that DOD has not decided whether to fan that out to the military treatment facility commanders or not.

There are several other of these kinds of things that DOD either has done or has considered. Many of these DOD considered and rejected when it put together its plans for the initiative.

COMPOSITE HEALTH CARE SYSTEM

Senator GLENN. Mr Quasney, you addressed in your short statement the current status, to some extent, of the procurement for the Composite Health Care System, CHCS. Can you give me a brief rundown of what the advantage of the system is? How does this give us better medical care for people in the military?

Mr. QUASNEY. What would happen, Senator, is that each of the supporting units like the pharmacy, the laboratories and radiology, would each have their own part of the system. In fact, they can receive orders, process the information, record the results, and make that information available to the nurses and the doctors.

Its biggest advantage is its ability to streamline the process and also capture all of the relevant information for the doctor to see what has occurred with the patient; to then issue orders to the nurse through the system, and in a more effective way, get those orders and results to the appropriate supporting units, and get the results back, so that he can see what is happening with the patient. That is the primary benefit that they could receive from this system.

It also would have some safety factors. Using the automation, you can immediately do things, looking for drug interaction to determine then if that person is receiving drug A and now they are requesting drug B. A check could be made and a red flag go up, to say that this may cause an interaction, "Such as are you sure you want to do these kind of things?"

Senator GLENN. Well, let me show part of my ignorance regarding part of the system and ask a couple of questions. Would this replace the normal health record, for instance? Would you still have the written record that a person takes from base to base as he is transferred?

Mr. QUASNEY. At this time they plan on keeping the health record, until they are sure that the automated system has in fact picked up that capability and would be able to deal with it.

Senator GLENN. Do we have any major hospitals in the country, so far, that have gone completely to this type system, completely automated?

Mr. QUASNEY. We have done some private sector work, have been involved in a major audit in the VA, and now within TRIMIS. We have looked at the private sector and we have not found a private sector facility that is asking for all of the capabilities that Defense is asking for, or the VA for that fact.

But we have found private hospitals that are asking for the major components of the system, similar to what the Department of Defense wants to do.

Senator GLENN. Well, what has the experience of the VA been? How far are they into this now?

Mr. QUASNEY. The VA is at the point now where thay have many independent modules working, for example, supporting the pharmacy or supporting the laboratory. They are now in the process of testing and will be trying to move into the actual production hospital environment integrating functions by which the nurse can in fact issue orders to the supporting components and then get the results back for the doctor to see a complete record.

Senator GLENN. Does this do away with the traditional clipboard hanging on the bottom of the bed, for instance? Would you now have to have a computer terminal in every room?

Mr. QUASNEY. I would say that it eventually could go to that, yes.

Senator GLENN. How much is that going to cost?

Mr. QUASNEY. As, part of one of the areas that we are now starting in our audit activity, we are going to be looking at the so-called workload requirements. How many terminals are going to be in what facilities, what kinds of transactions and capabilities will they have to handle.

I can assure you right now that we are talking about thousands and thousands and thousands of terminals.

Senator GLENN. I am concerned that we make the best expenditure of funds to develop the best military medical system we can. I do not want to stand in the way of progress and modernization and computerization and all the things that are going to help us achieve this standard.

But I hope that this system is going to really benefit us. For instance I am concerned about the amount that, Dr. Mayer, who is still with us, testified that we are going to need for the deployable medical facilities. Can we afford those facilities? Will we be able to afford the extra payments to physicians, the stipend payment or whatever, to get the people in to man these?

Now when we talk about comparative values for dollars spent, I am just trying to get a feel for whether this CHCS system is going to be that valuable compared to other needs that we have in our budgeting.

Mr. QUASNEY. We can understand that, Senator, and a very high priority in our audit work in watching the TRIMIS activity is we are trying to determine what is the most affordable and effective system. We are watching that very closely.

Senator GLENN. Is there a plan now to use this in just a few hospitals or a few military medical facilities at first to really see how the thing works?

Mr. QUASNEY. Currently what is going on is two facilities, March Air Force Base and Fitzsimmons, are using the VA system in a test.

It should be noted that the cost of this should not be looked at just as a test. They are actively using it in the hospital and they are, by default, receiving benefit of automation in that area.

Within the procurement for vendors which have currently received contracts, and they will be installing their system in four facilities around the country and testing it as part of the procurement to select one vendor. Now there is the question about this new acquisition strategy. But the old plan was one vendor.

It should also be noted that those systems will stay in place after selection of one vendor, until they are replaced by the winning system. So there is considerable money being spent on testing, but it is also being used in a live facility to help that facility be productive. So we are watching that.

Senator GLENN. I am quite concerned that we not spend a lot of money on something that is going to be a duplicate system to what we already have, unless we have already determined we are going to be willing to give up the system we now have.

We do not just want to create another system on top of an existing system. I do not know whether doctors are going to be willing to give up the clipboard on the bottom of the bed or not, to put it back in that perspective.

Or, if we are going to be able to give up medical records and all the personnel required to document records and write it out on paper and so on. I could see saving an awful lot of manpower if we could do away with that kind of system.

On the other hand I do not know whether doctors are really going to be willing to do that or not.

Mr. LI. That is the reason why we feel it is so important to perform the operational test. We talked about operational testing in our statement and Dr. Mayer also pointed out that one of the phases that was added this year was operational testing.

The reason why we think operational testing is important is to address specifically the issue of, will it work in an operational environment, in a live environment? We felt that because each one of those vendors will be installed in a real involvement in a hospital, then the doctors, the nurses will see how that system works.

Your concern about whether or not it will be useful in that environment is exactly being addressed by that operational testing, sir.

Senator GLENN. For instance, now if I am in a military hospital, a doctor comes in and treats me it is noted on the clipboard on the bottom of the bed, the records are kept at the nursing station, where they record this information which is then forwarded to central files where it is logged as a regular procedure. I gather that with the CHCS system, eventually that would all become passe; if the full system goes in and is operational as we hope.

If it does not, it is just a duplicate system that is not really accomplishing anything over what we have right now. If doctors are going to be really willing to use this system, then maybe it does provide some advantage.

I can see a complete computer record of which drug that has been prescribed for a patient, along with the medicine that had been prescribed for a patient, cross correlated and so on, but I think you have that information in a medical record now that a doctor has access to.

He could quite possibly have this information more readily available by punching it up on a computer. But as you say, if this is going to change things in each patient's room or ward where they are receiving treatment I do not know what would happen to all of this information. Does the doctor then have to go down the hall to use the facility to tap into the system, as opposed to the more individualized recording of this information that we have now.

I have some questions about how useful this was going to be and whether the expense was going to be worth it when we really need money in some other areas.

Mr. QUASNEY. In the long term, my understanding is that the doctors would in fact have terminals available in their office for being able to call up patient's information and study the circumstance of that patient.

There will be terminals at the nurses' stations, that they could be able to enter orders or look at the results of what is going on. Then, of course, there would be terminals in every lab and every pharmacy and radiology area, that they would be recording the results of whatever activity they are performing.

Senator GLENN. I am told that NIH is now using such a system. Have they gotten far enough into it that we know whether they have a good track record, does their experience provide a good test for us?

Mr. QUASNEY. We have not looked at NIH. We have spent considerable time looking at the private sector in that area.

Senator GLENN. We have been told that they have such a system and we are not sure what stage it is in. You might want to give them a call, just to double-check with them and see what experience they have. It might be valuable to your deliberations on this.

Mr. QUASNEY. Yes sir.

Senator GLENN. What timetable do you expect is practical for procurement of the CHCS system?

Mr. QUASNEY. It is kind of hard for us to give a precise timeframe. We are not very comfortable with the March 1988 date that has currently been given.

We feel that DOD is underestimating the time it is going to take to install the appropriate equipment, train the users, have them become familiar enough to perform an evaluation. We see that date being extended.

I should also point out that the milestones to date that have been missed, as Dr. Mayer alluded or he stated, really have not been because of congressional oversight. When you look at the actual occurrences of the missed milestones, a lot of it was caused, and not uniquely, in the procurement process.

The request for proposals was supposed to come out on such and such a date. It took them longer to finalize it and released it a little bit later.

It took them a little bit longer to evaluate the vendors' proposals, and that extended that date some. There was a protest that occurred, and they had to let offerors back into the competition and reevaluate, and that extended it.

I would not want to leave the committee with the impression that the congressional oversight is at this point causing delays in the program.

WAR TIME READINESS

Senator **Glenn**. We are going to have to end very shortly, but I am more concerned about the war time readiness, which I have indicated repeatedly this morning. Does the CHCS system have a combat capability, or do we see that as being a capability sometime in the future that would be a system that could be used?

Mr. **Quasney**. Within the requirements that the vendors would have to meet, there is considerable workload figures that would translate into excess computer equipment until used for mobilization.

We are now in the process in our audit of beginning to look at that mobilization and the various scenarios and determine how much equipment would be required to support that scenario.

Senator **Glenn**. And how would it tie in? From a MASH unit to another unit or would you have data links all across the board all the way back to the general hospital so that a patient's record would be available from the time he was picked up on the battlefield and given treatment, and this information would then be available on computer as opposed to written records? Is that correct?

Mr. **Quasney**. My understanding at the point it would enter at CHCS is when they would arrive at a hospital. Then that information would be entered into CHCS.

Senator **Glenn**. Would the record-keeping before that point still revert back to the old style system, the old clipboard and whatever?

Mr. **Quasney**. I really can not answer that. I am not aware.

Senator **Glenn**. I think that is one possible problem that the committee might want to look into.

Mr. **Quasney**. There are other projects going on.

Senator **Glenn**. Dr. Mayer, you are still here. Would it revert back to the old paper and pencil routine if you are on the battlefiled with the CHCS system?

Dr. **Mayer**. No sir. We have in development a system for battlefield, handling the data the same way, which would have to fit into the CHCS system, so that instead of a bloody piece of cardboard on casualties, you could transmit much more information all the way basically from just behind the battlefield to CONUS.

Senator GLENN. That would require data links and channels and so on, to implement that, I presume.

Dr. MAYER. Oh, yes sir, It is still a ways off.

Senator GLENN. Thank you, gentlemen. I appreciate your bearing with us this morning. It was a lengthy hearing, but it was a very interesting hearing, from my standpoint anyway.

I appreciate your efforts. We will be contacting you again on these subjects. Thank you very much. The hearing will stand in recess, subject to the call of the Chairman.

[Questions for the hearing record with the answers supplied, follow:]

QUESTIONS SUBMITTED BY SENATOR SAM NUNN

TOBACCO PRODUCTS

Senator NUNN. Dr. Mayer, I understand that a new Department of Defense Directive has been issued recently setting forth guidelines for the military services to develop regulations governing the use of tobacco products. Dr. Mayer could you provide a brief summary of the recent Defense Department Directive on the use of tobacco products?

Dr. MAYER. Department of Defense Directive 1010.10, Health Promotion, dated March 11, 1986, established health promotion policy that includes policy on smoking. The Directive prohibits smoking in auditoriums, conference and classrooms, buses, vans, elevators and, unless adequate space and ventilation are avaliable to ensure a healthy environment for nonsmokers, in eating areas and common work areas. In addition, participation of DOD components with manufacturers or distributors of alcohol or tobacco products is disallowed in promotional programs aimed primarily at DOD personnel. DOD smoking policy emphasizes education about the health risks associated with smoking and provides for prevention and cessation programs.

Senator NUNN. What are your views on whether the military services are implementing the Defense Department Directive in a uniform and consistent manner? Is this whole subject receiving an appropriate level of attention in light of the many competing demands on local military commands?

Dr. MAYER. Implementation plans have been received from all of the services. From these plans, we have developed a DOD smoking reduction program framework. All of the services' implementation programs fit within this framework. In addition, we have established a DOD Health Promotion Coordinating Committee to enhance communication among the services and to review program implementation. Progress updates have been provided quarterly to this committee by the Service Health Promotion Coordinators. The service programs include smoking reduction information, motivation, and education programs; smoking cessation assistance programs; and designated places and times where smoking can occur to minimize the effects of smoking on nonsmokers. I believe that the implementation of DOD Directive 1010.10 has been accomplished in a coordinated and consistent manner and that this program has been receiving an appropriate level of attention by the military commands.

IMPLEMENTING REGULATIONS

Senator NUNN. Surgeon Generals: Could you provide any implementing regulations published by your service?

ARMY

General BECKER. The Army program concerning use of tobacco products focuses on providing education and information, and makes nonsmoking the norm for DA occupied buildings and work areas. This guidance was provided to the field in a message dated 6 June 1986, Subject: Policy on Controlling Smoking.

a. General. (1) Smoking tobacco harms readiness by impairing physical fitness and by increasing illness, absenteeism, premature death, and health care costs. This policy enhances readiness by establishing the standard of a smoke free environment which supports abstinence and discourages the use of tobacco.

(2) Department of the Army officials will affirmatively act to implement this policy.

(3) Full cooperation of all commanders, supervisors, soldiers, and civilian employees is expected to ensure that people are protected from the effects of secondhand smoke, and personnel who desire to smoke are not unnecessarily inconvenienced.

b. Applicability and scope. (1) The provisions of this policy apply to all organizational elements that occupy space in/on conveyances, offices, buildings, or facilities over which Department of Army has custody and control. This includes space assigned to the Army by General Services Administration (GSA).

(2) This policy does not cancel or supercede other instructions which control smoking because of fire, explosive, or other safety considerations.

c. Policy. Smoking is prohibited in DA occupied space, except for designated smoking areas that are necessary to avoid undue inconvenience to persons who desire to smoke. Supervisors may designate smoking areas to persons who desire to smoke. Supervisors may designate smoking areas only where they have determined that the secondhand smoke from tobacco products can be sufficiently isolated to protect nonsmokers from its effects. The following specific guidelines apply:

(1) Notices will be displayed at entrances to DA occupied space which state that smoking is not allowed, except in specifically designated areas.

(2) Smoking areas may not be designated within auditoriums, conference rooms, restrooms, gymnasiums, fitness centers, and elevators.

(3) Smoking is prohibited in all military vehicles and aircraft.

(4) Nonsmoking areas shall be designated and posted in all eating facilities in DOD occupied buildings. Smoking areas shall be permitted only if adequate space is available for nonsmoking patrons and ventilation is adequate to provide them a healthy environment.

(5) When individual living quarters are not available and two or more individuals are assigned to one room, smoking and nonsmoking preferences shall be considered in the assignment of rooms.

(6) Health care providers shall not smoke in the presence of patients.

(7) Smoking by students is prohibited on the grounds of Department of Defense Dependent Schools (DODDS), Section 6, or other schools over which DA exercises control, except as provided for by the director, DODDS. Visiting adults, faculty, and staff may smoke out of the presence or view of children in smoking areas designated in accordance with this policy.

(8) Smoking is prohibited in all child development centers and youth activity facilities, except that visiting adults and staff may smoke out of the presence or view of children in smoking areas designated in accordance with this policy.

(9) Smoking is prohibited where it presents a safety hazard, e.g., firing ranges, ammunition storage areas, fuel dumps, motor pools, and equipment maintenance shops.

d. Enforcement. Failure to comply with this policy may subject soldiers, DA civilian employees, and contractor personnel to adverse administrative action. Soldiers will normally not be punished under the Uniform Code of Military Justice for use of tobacco unless the offense is clearly promulgated as a punitive restriction in a lawful order or regulation, and involves either a direct threat to safety or security, or evidences a willful disregard for the health or comfort of a nonsmoker. Other violators may be removed from or denied access to DA occupied buildings.

e. This policy is aimed at making the Army a better place to live through upgrading the health and readiness of the total Army.

In addition, the Commander of the Army Training and Doctrine Command further amplifed the general Army guidance in this letter governing training situations dated 16 June 1986: SUBJECT: Policy Letter—Use of Tobacco Products in TRADOC Officer Courses, Noncommissioned Officer (NCO) Courses, and Initially Entry Training (IET)

1. Purposes. This letter establishes TRADOC policy for the use of tobacco products during the training day in TRADOC officer courses, NCO courses, and IET conducted at TRADOC installations and activities.

2. Applicability.

a. The provisions of this policy are applicable to all TRADOC officer and NCO training course students, IET trainees, and the military personnel assigned or attached to TRADOC units that conduct or support this training.

(1) TRADOC officer courses include both commissioned and warrant officer courses.

(2) TRADOC officer and NCO courses include all courses governed by TRADOC approved programs of instruction (POI) and presented in TRADOC.

(3) IET includes basic combat training (BCT), one station unit training (OSUT), and advanced individual training (AIT).

(4) The term "cadre" is used in this letter to refer to all TRADOC military and civilian personnel who either command, supervise, instruct, train, or support students in IET, TRADOC officer and NCO courses.

(5) Since this policy may constitute a change in working conditions for civilian employees, installations are reminded of their bargaining obligations with the unions which represent those employees. Prior to implementing this policy, the local Civilian Personnel Office should be contacted for assistance in carrying out labor/management relations responsibilities.

(6) The training day is that portion of the day that students or trainees are participating in training activities under the direct supervision of their cadre.

b. This policy does not cancel or supercede other instructions where smoking is controlled because of fire, explosive, or other safety considerations.

3. General. The use of tobacco products impacts on readiness by impairing physical fitness and by increasing illness, absenteeism, premature death, and health care costs. This policy is in support of the overall TRADOC Tobacco Cessation Program that is designed to enhance readiness and personal health.

4. Policy.

a. BCT/OSUT.

(1) Trainees will not be permitted to use tobacco products. This policy is in effect when the solider arrives at the Reception Battalion and remains in effect until he/she graduates from BCT or OSUT.

(2) Sales of tobacco products from vending machines in BCT/OSUT areas will be eliminated to the extent possible consistent with requirements of existing contracts and the Randolph-Shepard Act, 20 U.S.C. 107.

(3) All cadre will be prohibited from using tobacco products in the presence of trainees during the training day.

(4) Instruction on the adverse impact tobacco use has on health and readiness will be incorporated by POI proponents into existing fitness and substance abuse instruction without increasing POI time.

b. AIT.

(1) The use of tobacco products by trainees will be strictly controlled and limited to designated areas during the training day. The cadre will not refer to opportunities to use tobacco products as "smoke breaks" or similar terms.

(2) Sales of tobacco products from vending machines in AIT areas will be eliminated to the extent possible consistent with requirements of existing contracts and the Randolph-Shepard Act, 20 U.S.C. 107.

(3) All cadre will be prohibited from using tobacco products in the presence of trainees during the training day.

(4) Instruction on the adverse impact tobacco use has on health and readiness will be incorporated by POI proponents into existing fitness and substance abuse instruction without increasing POI time.

c. TRADOC Officer and NCO Training Courses.

(1) The use of tobacco products by students will be limited to designated areas during the training day.

(2) All cadre will be prohibited from using tobacco products in the presence of students during the training day.

(3) Information on the Army and TRADOC Tobacco Cessation Program will be provided to the students in the form of supplemental handouts. Emphasis will be placed on ensuring that students are aware of the readiness and health issues associated with the use of tobacco. In addition, students will be made aware of their responsibilities as leaders to discourage the use of tobacco.

NAVY

Admiral SEATON. Secretary of the Navy Instruction 6100.5 (dated 17 September 1986) contains guidance to the Chief of Naval Operations and the Commandant of the Marine Corps to conduct smoking prevention and cessation programs. The aims of the programs are to create a social environment that supports abstinence and discourages the use of tobacco products, to create a healthier working environment, and to provide smokers with encouragement and professional assistance to stop smoking. A copy of the instruction and a policy statement on tobacco prevention programs are enclosed.

DEPARTMENT OF THE NAVY
Office of the Secretary
Washington, DC 20350-1000

SECNAVINST 6100.5
NMPC-6H
17 September 1986

SECNAV INSTRUCTION 6100.5

From: Secretary of the Navy
To: All Ships and Stations

Subj: HEALTH PROMOTION PROGRAM

Ref: (a) DoD Directive 1010.10 of 11 Mar 86 (NOTAL)
(b) SECNAVINST 5100.13A
(c) SECNAVINST 6100.1
(d) SECNAVINST 5401.3 (NOTAL)
(e) SECNAVINST 5100.10E (NOTAL)
(f) DoD Manual 1338.10M of 22 Nov 78 (NOTAL)
(g) DoD Directive 3235.2 of 20 Apr 83 (NOTAL)
(h) SECNAVINST 5300.28A
(i) SECNAVINST 5300.29
(j) SECNAVINST 1754.1

1. Purpose. To establish a comprehensive health promotion policy within the Department of the Navy (DON) to implement reference (a), and promote individual and organizational intervention for optimal military readiness.

2. Applicability and Scope. This instruction is applicable to all active duty personnel and civilian employees, and on a voluntary basis, as resources permit, to retirees and families.

3. Background. As described in reference (a), military services and their members have a joint responsibility to maintain an optimal state of health and well-being. It is estimated that 50 percent of all deaths and illnesses in the United States directly relate to unhealthy lifestyle habits; primarily poor diet, lack of exercise, alcohol abuse, smoking, and unmanaged stress. Additional compromises to good health and optimal productivity result from undiagnosed or inadequately controlled hypertension (high blood pressure) and significant incidence of low back injuries. Preventive maintenance principles and positive lifestyle changes can substantially reduce these threats to the health of the force.

4. Policy. It is the policy of the DoN to ensure military readiness, maximize individual performance, and reduce the cost of military health care through programs of physical fitness, the maintenance of good health, and the prevention of disease. To this end the DoN will:

a. Ensure the existence of a work environment conducive to improving and protecting health.

b. Support and encourage individuals in the management of their own healthy lifestyles.

c. Conduct an integrated and comprehensive health promotion program to include the following elements:

(1) Smoking prevention and cessation.

(2) Physical fitness and sports.

(3) Back injury prevention.

(4) Nutrition education and weight/fat control.

(5) Stress management.

(6) Alcohol and drug abuse prevention.

(7) Hypertension (high blood pressure) screening, education, and control.

d. Implement, for each program element, a plan which addresses educational strategies, assistance programs, publicity/marketing and program evaluation/effectiveness.

e. Integrate the activities of medical, personnel, training, supply, safety, public affairs and research in support of these elements of the health promotion program.

5. Program Guidance. The Chief of Naval Operations (CNO) and the Commandant of the Marine Corps (CMC) will conduct programs as follows:

a. Smoking Prevention and Cessation. Conduct a smoking prevention program under reference (b) to create a healthy social and work environment that discourages the use of tobacco products, supports abstinence, and provides smokers with encouragement and professional assistance to resolve their tobacco/nicotine dependence.

b. Physical Fitness and Sports. In conjunction with references (c) and (d), create programs to encourage and assist all target populations in developing a healthy exercise regimen in order to be physically fit. Programs will provide safe exercise equipment/facilities, appropriate supervision, trained instructors, diverse exercise/sports options, and recognition of fitness achievements.

c. Back Injury Prevention. Under the occupational safety and health guidelines in reference (e), develop back injury prevention programs targeted to those populations demonstrating the highest frequencies of back injuries. Specific areas of program emphasis will include assisting individuals in the development and maintenance of proper back habits and establishing a safe work environment to reduce injury.

d. Nutrition Education and Weight/Fat Control. In conjunction with the provisions of references (f) and (g), develop programs to encourage and assist all target populations to establish and maintain dietary habits which contribute to good health, disease prevention, and weight/fat control. Attention will be directed toward educating members concerning principles of nutrition and health/weight control interrelationships, and providing menu options at all food service facilities consistent with current nutritional guidelines.

e. Alcohol and Drug Abuse Prevention. Continue existing programs conducted under references (h) and (i), integrated with health promotion program strategy and continue to provide an emphasis on prevention. Additional areas of program attention will address educating the target population on such topics as alcohol and drug use during pregnancy and driving while intoxicated.

f. High Blood Pressure (Hypertension) Screening, Education, and Control. In conjunction with the provisions of reference (a), develop programs for the early identification of high blood pressure, the education of target populations regarding high blood pressure control, related lifestyle factors, and the dissemination of public information emphasizing the dangers of hypertension.

g. Stress Management. As addressed in reference (a), conduct a program of functional training in stress management for active duty personnel and civilian employees to reduce environmental and organizational stressors and improve stress coping skills. Specific areas of program design will include leadership practices, work policies/procedures, and habitability issues that promote productivity and health. Provide, as resources permit, stress management programs for home and family within the family services program under reference (j).

6. Responsibility. Chief of Naval Operations (CNO) and Commandant of the Marine Corps are responsible for implementing the policy and program guidance in this instruction. The Director of Naval Medicine, under the CNO, shall provide medical health information and health care systems support to these programs. The Chief of Information shall conduct internal information campaigns in support of these health promotion programs using all information media under his control or oversight.

JAMES F. GOODRICH
Assistant Secretary of the Navy

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NAVAL MESSAGE
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ALNAV 088/86
SUBJ:  TOBACCO PREVENTION PROGRAM IN THE NAVY AND MARINE CORPS
A.  DOD DIR 1010.10, 11 MAR 86 NOTAL
B.  SECNAVINST 5100.13
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1. REF A DIRECTED THE SERVICES TO ESTABLISH SMOKING PREVENTION AND CESSATION PROGRAMS. REF B HAS BEEN REVISED TO PROVIDE GUIDANCE FOR A SMOKING PREVENTION AND CESSATION PROGRAMS IN THE DEPARTMENT OF THE NAVY (DON). THESE PROGRAMS AIM TO CREATE A SOCIAL ENVIRONMENT THAT SUPPORTS ABSTINENCE AND DISCOURAGE USE OF TOBACCO PRODUCTS, TO CREATE A HEALTHIER WORKING ENVIRONMENT, AND TO PROVIDE SMOKERS WITH ENCOURAGEMENT AND PROFESSIONAL ASSISTANCE TO STOP SMOKING, WITHOUT COERCION OR PRESSURE TO ENTER SUCH PROGRAMS AGAINST THEIR WILL.

2. THE SURGEON GENERAL OF THE UNITED STATES HAS DETERMINED THAT THE SMOKING OF TOBACCO IS THE MOST PREVENTABLE CAUSE OF ILLNESS AND DEATH. THE ENVIRONMENTAL PROTECTION AGENCY STATES THAT INVOLUNTARY/PASSIVE SMOKING POSES A PUBLIC HEALTH RISK LARGER THAN THE HAZARDOUS AIR POLLUTANTS FROM ALL INDUSTRIAL EMISSIONS COMBINED. MEDICAL EVIDENCE SHOWS OVERWHELMINGLY THAT THE USE OF TOBACCO PRODUCTS ADVERSELY IMPACTS ON THE HEALTH AND READINESS OF OUR FORCE. TOBACCO USE IMPAIRS SUCH CRITICAL MILITARY SKILLS AS NIGHT VISION AND EYE/HAND COORDINATION. IT INCREASES SUSCEPTIBILITY TO DISEASE. IT ALSO IMPAIRS CARDIORESPIRATORY ENDURANCE, EXERCISE TOLERANCE, AND STAMINA. THIS REQUIRES THAT EACH PERSON RECOGNIZE THE OBLIGATION TO PRESERVE ONE'S HEALTH AND THAT DOD ESTABLISH ENVIRONMENTAL PROTECTIVE MEASURES TO INSURE A SAFE, HEALTHY, UNPOLLUTED WORK AND LIVING ENVIRONMENT.

3. THE DON PROGRAM EMPLOYS PERSONAL EXAMPLE BY TOP LEADERSHIP:

A. INITIAL ENTRY AND TRAINING COMMANDS AND MWR ACTIVITIES SHALL DISCOURAGE TOBACCO USE TO THE MAXIMUM EXTENT POSSIBLE BY:

(1) ENCOURAGING TOBACCO USERS TO STOP, AND NON-TOBACCO USERS TO CONTINUE TO REFRAIN FROM STARTING.

(2) INCLUDING EDUCATION ABOUT CONSEQUENCES OF TOBACCO USE IN EDUCATION ON ALCOHOL AND DRUG ABUSE.

(3) ENSURING STAFF MEMBERS DO NOT USE TOBACCO IN THE PRESENCE OF STUDENTS, CLIENTS AND PARTICIPANTS WHILE IN A DUTY STATUS.

B. GENERAL MILITARY TRAINING SHALL BE PROVIDED FOR ALL MEMBERS REGARDING:

(1) NICOTINE ADDICTION AND ITS NEGATIVE IMPACT ON READINESS

(2) HEALTH RISKS OF TOBACCO USE

(3) AVAILABILITY OF ASSISTANCE TO HELP END TOBACCO USE.

4. TO CREATE A HEALTHY WORK ENVIRONMENT:

A. SMOKING SHALL BE PERMITTED ONLY TO THE EXTENT THAT IT DOES NOT ENDANGER LIFE OR PROPERTY, OR RISK IMPAIRING NON-SMOKERS' HEALTH.

B. TOBACCO USE SHALL NOT BE PERMITTED IN

(1) AUDITORIUMS, CONFERENCE ROOMS, CLASSROOMS, AND LIBRARIES

(2) ELEVATORS

(3) OFFICIAL BUSES, VANS, AND SHUTTLE VEHICLES

(4) GYMNASIUMS, CHILD CARE AND YOUTH ACTIVITY CENTERS.

C. COMMANDING OFFICERS SHALL DESIGNATE AND POST SMOKING AREAS IN ALL EATING FACILITIES AFLOAT AND ASHORE, PROVIDED ADEQUATE SPACE IS AVAILABLE FOR NON-SMOKERS AND VENTILATION IS ADEQUATE TO PROVIDE THEM A HEALTHY ENVIRONMENT.

D. WHEREVER POSSIBLE, IN BUILDINGS, FACILITIES AND SHIPS, COMMANDING OFFICERS SHALL PROVIDE SEPARATION BETWEEN SMOKING AND NON-SMOKING PERSONNEL IN COMMON WORK SPACES. WHERE PRACTICAL COMMANDING OFFICERS MAY DESIGNATE SMOKING AREAS FOR PERSONNEL WHO DESIRE TO SMOKE. SMOKING SHALL NOT BE PERMITTED IN AREAS SHARED BY NON-SMOKERS UNLESS, IN THE COMMANDING OFFICER'S JUDGMENT, VENTILATION IS ADEQUATE TO PROVIDE A HEALTHY ENVIRONMENT.

E. SMOKING ON AIRCRAFT SHALL BE GOVERNED BY THE OPERATIONAL DIRECTIVE FOR EACH AIRCRAFT TYPE. AIRCRAFT/MISSION COMMANDERS MAY DESIGNATE SMOKING AREAS ONLY WHEN, IN THEIR JUDGEMENT, VENTILATION IS ADEQUATE TO PROVIDE A HEALTHY ENVIRONMENT.

F. WHEREVER POSSIBLE, PROVIDED IT DOES NOT DISRUPT UNIT INTEGRITY, OR UNIT OPERATIONAL READINESS OR CASUALTY CONTROL REQUIREMENTS, SMOKING PREFERENCE SHALL BE CONSIDERED IN THE ASSIGNMENT OF BERTHING SPACES. THERE SHALL BE NO SMOKING IN SPACES SHARED BY SMOKERS AND NON-SMOKERS, EXCEPT IN AREAS DESIGNATED FOR SMOKING. PERSONNEL WHO HAVE A PRIVATE ROOM MAY USE TOBACCO PRODUCTS IN THAT ROOM PER APPLICABLE RULES AND REGULATIONS.

G. IN MEDICAL TREATMENT FACILITIES, THE USE OF TOBACCO PRODUCTS BY STAFF IS LIMITED TO PRIVATE OFFICES AND DESIGNATED SPACES, BUT NOT IN THE PRESENCE OF PATIENTS. SMOKING BY PATIENTS AND VISITORS IS LIMITED TO DESIGNATED AREAS WHERE THERE IS NO RISK OF IMPAIRING NON-SMOKERS HEALTH. THE SALE OF TOBACCO PRODUCTS IS PROHIBITED IN ALL MEDICAL AND DENTAL FACILITIES.

H. MEDICAL AND DENTAL HEALTH CARE PROVIDERS SHALL:

(1) INQUIRE ABOUT PATIENT'S TOBACCO USE DURING ROUTINE PHYSICAL AND DENTAL EXAMINATIONS, AND ADVISE USERS OF THE HEALTH RISKS ASSOCIATED WITH TOBACCO USE, THE BENEFITS OF STOPPING AND WHERE TO OBTAIN ASSISTANCE.

(2) ADVISE ALL PREGNANT TOBACCO USERS OF THE HEALTH RISKS TO THE FETUS AND WHERE TO OBTAIN ASSISTANCE TO STOP SMOKING.

5. MEDICAL TREATMENT FACILITIES, FAMILY SERVICE CENTERS, AND COUNSELING AND ASSISTANCE CENTERS SHALL PROVIDE TOBACCO USERS ENCOURAGEMENT AND PROFESSIONAL ASSISTANCE TO STOP USING TOBACCO PRODUCTS. WHILE CESSATION PROGRAMS SHALL BE ENCOURAGED, CARE SHALL BE TAKEN TO AVOID COERCION OR PRESSURE ON PERSONNEL TO ENTER THESE PROGRAMS AGAINST THEIR WILL.

6. DON TOBACCO PREVENTION PROGRAM IS APPLICABLE TO ALL DON MILITARY AND CIVILIAN PERSONNEL, INCLUDING NONAPPROPRIATED FUND EMPLOYEES, AND TO DON DEPENDENTS AND VISITORS WHILE IN DOD OCCUPIED BUILDINGS, FACILITIES, SHIPS, AND AIRCRAFT. IT DOES NOT CHANGE REGULATIONS CONTROLLING SMOKING BECAUSE OF FIRE, EXPLOSIVE, OR OTHER SAFETY CONSIDERATIONS.

7. THIS PROGRAM DOES NOT OVERRIDE TOBACCO USE PROVISIONS OF EXISTING CIVILIAN COLLECTIVE BARGAINING AGREEMENTS UNTIL THEIR EXPIRATION. IN IMPLEMENTING THIS PROGRAM ACTIVITIES WITH CIVILIAN EMPLOYEES MUST DISCHARGE THEIR LABOR RELATIONS OBLIGATIONS. ASSISTANCE MAY BE OBTAINED FROM REGIONAL OFFICES OF THE OFFICE OF CIVILIAN PERSONNEL MANAGEMENT.

8. THIS POLICY IS EFFECTIVE IMMEDIATELY. IT SHOULD BE MADE CLEAR THAT WE ARE NOT PROHIBITING TOBACCO USE. OURS IS A POSITIVE EDUCATIONAL/AWARENESS APPROACH DESIGNED TO PROVIDE THE LEAST DISRUPTION WHILE IMPROVING OUR STATE OF HEALTH AND ABILITY TO MAINTAIN A HIGH STATE OF MILITARY READINESS. BT

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AIR FORCE

General CHESNEY. Yes, we can provide our Air Force regulation 30-27, Smoking in Air Force Facilities, and the Interim Message Change 86-1, dated 171515Z July 1986. These two documents implemented DOD direction on the use of tobacco products in the Air Force facilities.

DEPARTMENT OF THE AIR FORCE
Headquarters US Air Force
Washington DC 20330

AF REGULATION 30—27

29 March 1978

Personnel

SMOKING IN AIR FORCE FACILITIES

This regulation establishes procedures to control smoking in Air Force-occupied buildings and facilities. It does not cancel or supersede other instructions that contol smoking because of fire, explosive, or other safety hazards. It implements DOD Instruction 6015.18, 18 August 1977, and applies to all Air Force military and US citizen civilian personnel. It also applies to non-US citizen direct and indirect hire personnel, according to local custom and host country laws and agreements.

1. Background. The Air Force:

a. Supports the findings and the recommendations of the Surgeon General of the United States regarding the hazards of smoking.

b. Must ensure the best possible conditions for the health and welfare of all its personnel.

c. Recognizes the rights of workers and visitors on Air Force facilities to have an environment reasonably free from contaminants. The Air Force also recognizes the right of a person to smoke under reasonable conditions.

2. Scope of This Regulation. The intent of this regulation is to provide the best possible conditions for the health and welfare of Air Force people, while at the same time to maintain a balance between the rights of smokers and nonsmokers. In a complex issue such as smoking, it is difficult to have a regulation for every situation that might affect these groups. Consequently, there are many areas and situations when sound, objective commander/supervisor judgment and individual courtesy must prevail to maintain this balance of rights. This regulation follows the DOD guidelines on smoking in facilities, but has been purposely designed to allow commanders/supervisors to exercise judgment based on individual facilities and personnel.

3. Policy on Smoking. In establishing a smoking policy, commanders/supervisors must strive to maintain a balance between the rights of smokers and nonsmokers. Within the constraints of available facilities and services, commanders/supervisors should designate smoking and no smoking areas in meeting places, eating establishments, and working areas. The smoking of tobacco products within Air Force facilities will be controlled according to the following guidelines:

a. **Auditoriums.** Smoking is not permitted. Receptacles for disposing of cigarettes, etc., should be placed near entrances.

b. **Eating Facilities.** A no smoking area will be established in eating facilities where practicable. If appropriate, the responsible Air Force official and the concessionaire should agree to this and then include it in future contracts and amendments. The area should be based on an estimate of the smoking and nonsmoking patrons served. This may be increased or decreased as customer load dictates. The no smoking area should be located in consideration of the air movement pattern.

c. **Elevators.** Smoking is not permitted.

d. **Shuttle Vehicles** (Government motor vehicles that transport Government employees on a regular service basis). Smoking is prohibited in shuttle vehicles.

e. **Medical Care Facilities.** Smoking is restricted to staff lounges, offices, and other specially designated areas. Smoking is permitted in patient rooms at the discretion of the attending physician or facility commander. Smoking is permitted in visitor waiting areas only if, in the opinion of the facility commander, space and ventilation permit a smoking section.

f. **Conference Rooms and Classrooms.** Smoking in these areas is prohibited. (When designated conference rooms and classrooms are used as normal work areas, the guidelines in g below apply.)

g. **Work Areas.** Each supervisor who plans work space should accommodate the preferences of smoking and nonsmoking employees, provided that:

(1) The efficiency of work units is not impaired;

(2) No additonal space is required; and

(3) No costly alteration to the work space or additional office equipment is required.

• As a general rule, the minimum ventilation rate of 10 cubic feet of fresh air per minute per person is recommended to remove smoke from a work area and provide a healthful environment.

h. **Corridors, Lobbies, and Restrooms.** Except in medical care facilities (e above), smoking in

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Approved by: Maj Gen Harry A. Mertis
Writer-Editor: L. H. Harrington
DISTRIBUTION: F

corridors, lobbies, and restrooms should not be restricted.

i. **Morale, Welfare, and Recreation Activities.** The local host commander will establish the policy.

j. **Commissaries.** Smoking is prohibited in commissary sales stores and storage areas. Designated smoking areas for employees may be established in coordination with base fire marshals. (Army and Air Force Exchange Service Manual 17—1, Occupational Safety and Health Program, prohibits smoking in exchange retail customer contact and storage areas.)

4. **Billeting.** If more than one individual must be billeted per room, consideration should be given to assigning smokers nonsmokers together.

5. **No Smoking Signs.** "No smoking" signs will be posted in all areas where smoking is prohibited. These signs will be uniform in design and compatible with the interior design of the facility. Using the international graphic symbol for no smoking will be considered. The number of signs will be held to the minimum necessary to accomplish the policy stated in this regulation.

Policy on Civilian Personnel. The local implementation of this policy must conform to AFR 40—711, Labor-Management Relations, and other labor-management relations program directives.

7. **Education Programs.** Education programs to discourage smoking will be incorporated into base health education, as specified by the Air Force Surgeon General. The programs will include lectures, films, pamphlets, and posters, and will be updated frequently to include information about the latest available medical research on smoking and health. Although the target group for this education is all personnel, special attention will be paid to personnel for whom smoking will enhance the potential for more severe illness; that is, those with chronic bronchitis, emphysema, asthma, and coronary heart disease, and special occupational groups.

8. **Additional Guidance.** Questions on overall policy or implementation of this regulation that cannot be answered locally should be forwarded to HQ USAF/DPX through MAJCOM or SOA OPR channels. Matters relating strictly to health or health education should be directed to HQ USAF/SGP. Subjects relating to civil engineering should go to HQ USAF/PRE. Every attempt should be made to resolve questions locally or at intermediate headquarters before submitting them to HQ USAF.

BY ORDER OF THE SECRETARY OF THE AIR FORCE

OFFICIAL

DAVID C. JONES, General, USAF
Chief of Staff

JAMES J. SHEPARD, Colonel, USAF
Director of Administration

PENTAGON
OPERATIONS DIRECTORATE

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R 171515Z JUL 86
FM HQ USAF BOLLING AFB DC//SGPA//
TO AIG 9411//DAPD/SG//
INFO RUEAHQA/HQ USAF WASHINGTON DC//DAPS/DADPL/SGPA/JA/DP//
RHWRMPC/HQ AFMPC RANDOLPH AFB TX//DPMSRS//

UNCLAS
SUBJ: INTERIM MESSAGE CHANGE 86-1 TO AFR 30-27CC, 29 MAR 78

1. PAGE 1, PURPOSE STATEMENT, LINE 3, AFTER "18 AUGUST 1977," ADD: AND DOD DIRECTIVE 1010.10, 11 MARCH 1986,"

2. PAGE 1, PARA 1, ADD:

D. SUPPORTS THE OBJECTIVES OF DOD DIRECTIVE 1010.10, 11MARCH 1986, TO CREATE A SOCIAL ENVIRONMENT THAT SUPPORTS ABSTINENCE AND DISCOURAGES USE OF TOBACCO PRODUCTS, CREATE A HEALTHY WORKING ENVIRONMENT, AND PROVIDES SMOKERS WITH ENCOURAGEMENT AND PROFESSIONAL ASSISTANCE IN QUITTING.

3. PAGE 1, PARA 3, DELETE AND INSERT NEW PARA:

3. POLICY ON SMOKING. SMOKING SHALL BE PERMITTED IN FACILITIES ONLY TO THE EXTENT THAT IT DOES NOT ENDANGER LIFE OR PROPERTY, OR RISK IMPAIRING NONSMOKERS' HEALTH. SMOKING AREAS SHALL BE PERMITTED ONLY IF ADEQUATE SPACE IS AVAILABLE FOR NONSMOKERS AND VENTILATION IS ADEQUATE TO PROVIDE THEM A HEALTHY ENVIRONMENT. IF ADEQUATE SPACE AND VENTILATION IS NOT AVAILABLE SMOKING WILL NOT BE PERMITTED IN THE AREA. SUPERVISORS WILL DETERMINE IF ADEQUATE SPACE AND VENTILATION EXIST AND WILL DECIDE IN FAVOR OF THE NONSMOKER IN THE EVENT OF CONFLICTS. AS A RULE, SMOKING WILL NOT BE PERMITTED IN ANY AREA THAT DOES NOT MEET THE MINIMUM STANDARD OF 10 CUBIC FEET OF FRESH AIR PER MINUTE PER PERSON. THE SMOKING OF TOBACCO PRODUCTS WITHIN AIR FORCE FACILITIES WILL BE CONTROLLED ACCORDING TO THE FOLLOWING GUIDELINES:

4. PAGE 1, PARA 3A, AFTER "ENTRANCES" ADD:

NO SMOKING SIGNS SHALL BE PROMINENTLY POSTED, AND ASHTRAYS SHALL NOT BE PERMITTED."

5. PAGE 1, PARA 3B, DELETE 1ST AND 2ND SENTENCES AND REPLACE WITH:

EATING FACILITIES. NONSMOKING AREAS SHALL BE DESIGNATED AND POSTED IN ALL EATING FACILITIES."

6. PAGE 1, PARA 3D, LINE 3, AFTER "SHUTTLE VEHICLES" ADD:

BUSSES, AND VANS."

7. PAGE 1, PARA 3E, DELETE AND INSERT NEW PARA:

E. MEDICAL TREATMENT FACILITIES. WITHIN THE CONFINES OF ALL MEDICAL TREATMENT FACILITIES, SMOKING SHALL BE RESTRICTED TO PRIVATE OFFICES AND SPECIALLY DESIGNATED AREAS. HEALTH CARE PROVIDERS SHALL NOT SMOKE IN THE PRESENCE OF PATIENTS WHILE PERFORMING THEIR DUTIES. SMOKING IS PROHIBITED IN PATIENT AREAS. IN-PATIENTS WHO ARE SUBJECT TO ADVERSE REACTIONS FROM NICOTINE WITHDRAWAL MAY HAVE THE ATTENDING PHYSICIAN'S PERMISSION TO SMOKE. SUCH PERMISSION WILL BE IN THE FORM OF DOCTOR'S ORDERS. THE SALE OF TOBACCO PRODUCTS WILL BE PROHIBITED IN MEDICAL TREATMENT FACILITIES.

8. PAGE 1, PARA 3F, LINE 4, AFTER "APPLY" ADD:

NO SMOKING SIGNS WILL BEPROMINENTLY POSTED, AND ASHTRAYS SHALL NOT BE PERMITTED."

9. PAGE 1, PARA 3G, DELETE AND INSERT NEW PARA:

G. WORK AREAS. SMOKING SHALL NOT BE PERMITTED IN COMMON WORK AREAS SHARED BY SMOKERS AND NONSMOKERS UNLESS ADEQUATE SPACE IS AVAILABLE FOR NONSMOKERS. VENTILATION AND GENERAL AIR FLOW PATTERN IS ADEQUATE FOR SMOKE REMOVAL IN ORDER TO PROVIDE THEM A HEALTHY ENVIRONMENT. WHEN FEASIBLE, SMOKING PREFERENCE SHOULD BE CONSIDERED WHEN

** -- **
** MESSAGE PREPARATION HINT: ALL ADDRESS ELEMENTS MUST CONTAIN **
** ORGANIZATION GEORGAPHICAL LOCATION & ABBREV. STATE OR COUNTRY. **

HQ USAF 8
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PLANNING INDIVIDUAL WORK STATIONS SO THAT SMOKING AND NONSMOKING AREAS MAY BE ESTABLISHED.

10. PAGE 2, PARA 3H, LINE 2, AFTER "RESTRICTED" ADD:
IF SPACE AND VENTILATION ARE ADEQUATE."

11. PAGE 2, PARA 3, ADD NEW PARA:
K. DEPENDENT SCHOOLS. SMOKING BY STUDENTS ATTENDING DOD DEPENDENT SCHOOLS OR SECTION 6 SCHOOLS SHALL NOT BE PERMITTED ON SCHOOL GROUNDS EXCEPT AS PROVIDED BY POLICY REGULATION PROMULGATED BY THE DIRECTOR, DODDS. FACULTY, VISITING ADULTS, AND STAFF SHALL SMOKE ONLY IN SPECIFICALLY DESIGNATED AREAS AND SHALL NOT SMOKE IN THE PRESENCE OF STUDENTS.

12. PAGE 2, PARA 3, ADD NEW PARA:
L. CARGO AND PASSENGER AIRCRAFT. SMOKING IS PROHIBITED ON BOARD ALL CONUS AEROMEDICAL EVACUATION FLIGHTS. ADDITIONALLY, SMOKING AND NONSMOKING AREAS WILL BE DESIGNATED ON BOARD ALL CARGO AND PASSENGER AIRCRAFT FLIGHTS, WITH CIGAR AND PIPE SMOKING PROHIBITED.

13. PAGE 2,PARA 7, LINE 14, ADD:
AS PART OF ROUTINE PHYSICAL AND DENTAL EXAMINATIONS AND AT OTHER APPROPRIATE TIMES, HEALTH CARE PROVIDERS SHALL INQUIRE ABOUT THE PATIENT'S TOBACCO USE, INCLUDING USE OF SMOKELESS TOBACCO PRODUCTS; TO ADVISE HIM OR HER OF THE RISKS ASSOCIATED WITH USE, THE HEALTH BENEFITS OF ABSTINENCE, AND OF WHERE TO OBTAIN HELP TO QUIT. HEALTH CARE PROVIDERS WILL ADVISE ALL PREGNANT SMOKERS OF THE RISKS TO THE FETUS. SMOKING PREVENTION PROGRAMS SHALL BE MADE AVAILABLE IN DOD DEPENDENT SCHOOLS AND SECTION 6 SCHOOLS THROUGH THE SERVICING MEDICAL TREATMENT FACILITY. ALL PERSONNEL WHO MAKE A CONSCIOUS DECISION TO QUIT SMOKING MUST BE GIVEN THE SUPPORT THEY NEED TO FOLLOW THROUGH AND QUIT. THEREFORE, EVERY INSTALLATION IN THE AIR FORCE WILL PROVIDE ON-BASE SMOKING CESSATION CLASSES. COMMANDERS ARE RESPONSIBLE TO ENSURE THESE ON-GOING CLASSES ARE OFFERED. THE DIRECTOR, BASE MEDICAL SERVICES WILL APPOINT INSTRUCTORS, CONDUCT NECESSARY TRAINING, AND PROVIDE HEALTH CARE PROVIDER OVERSIGHT OF THESE PROGRAMS. AS A MINIMUM, EACH MEDICAL TREATMENT FACILITY WILL OFFER A CESSATION PROGRAM DURING DUTY HOURS AND ANOTHER DURING NON-DUTY HOURS, AT LEAST ON A QUARTERLY BASIS. PROVIDERS WILL MANAGE, NOT NECESSARILY TEACH, THESE PROGRAMS.

14. PAGE 2, PARA 8, LINE 4, CHANGE:
HQ AFMPC/MPCS" TO READ "HQ USAF/SGPA"

15. PAGE 2+ PARA 8, LINE 5, DELETE:
MATTERS RELATING STRICTLY TO HEALTH OR HEALTH EDUCATION SHOULD BE DIRECTED TO THE HQ USAF/SGP.SUBJECTS RELATING TO CIVIL ENGINEERING BE DIRECTED TO HQ USAF/SGP.SUBJECT RELATING TO CIVIL ENGINEERING SHOULD GO TO HQ USAF/PRE.

BT

QUESTIONS SUBMITTED BY SENATOR PETE WILSON

USER FEES IN MILITARY MEDICAL FACILITIES

Senator **WILSON**. The President's budget contains a non-specific provision calling for a test of user fees in military medical facilities. Do you Surgeons General have comments on this issue?

General **CHESNEY**. I personally have never liked the idea of a user fee. I am especially concerned about the potential adverse effects of a user fee on the morale and health of our people. Accordingly, we will work to ensure the limited test of user fees is structured to minimuze those adverse effects. My staff has been discussing the preliminary planning documents being developed by Dr. Mayer's staff. We expect to participate in a Tri-Service working group to carry out the formal planning in the near future. As those plans develop we will nominate candidate locations for a limited test of user fees. We are not sure just what impact a user fee would have on workload. But I would expect a shift of care away from military medical facilities to CHAMPUS, which is generally more expensive. One thing for certain about user fees is that the idea of a test has already upset a lot of our beneficiaries because they see this as a further erosion of benefits.

USER FEES IN MILITARY MEDICAL FACILITIES

Senator **WILSON**. Dr. Mayer, the President's budget contains a non-specific provision calling for a test of user fees in military medical facilities.

Now, I am correct, am I not, that this provision did not originate in the Department of Defense?

I understand, as an administration official, that you must support the President's budget. But, in your personal opinion, would you disagree with my view that this is an especially bad time to even test a user fee in military medical facilities in light of the present restructuring of CHAMPUS and the resulting beneficiary concern about the continued availability of benefits in military facilities?

Dr. **MAYER**. You are correct that the proposal to test user fees was included in the budget at the initiative of the Office of Management and Budget, rather than of the Department. I also agree that it would be inappropriate to test user fees concurrently in any area involved in the staged implementation of the CHAMPUS Reform Initiative. In our initial planning of this limited test of user fees, we intend to avoid test sites in the states involved in the early phases of CHAMPUS Reform.

Senator **WILSON**. Do you Surgeons General have comments on this issue?

NAVY

Admiral **SEATON**. Navy has historically opposed the imposition of outpatient user's fees. In addition to adversely affecting morale, recruitment, and retention of the Active duty force, the implementation of user fees requires the design and establishment of a cash oriented accounting system at all medical and dental treatment facilities. Accounting systems of this type (collecting outpatient fees) do not exist at Navy medical treatment facilities. Approximately 657 additional civilian employees would be required. Annual administrative costs to collect fees are estimated at $16 million and one-time start-up costs at approximately $6 million.

Additionally, it is conceivable that there will be a shift of patients from military treatment facilities charging fees to other facilities such as the NAVCARE/PRIMUS clinics, Veterans Administration, Uniformed Services Treatment Facilities, and U.S Coast Guard Clinics that provide care on a no-cost basis to beneficiaries.

ARMY

General **BECKER**. I agree that this is an especially bad time to test a user fee in military medical facilities. I anticipate that the CHAMPUS Reform Initiative (CRI) will cause significant changes in workload and utilization within the military direct care system. To superimpose a test of user fees in this environment would add additional complexities to workload and utilization changes within the system. Certain segments of our beneficiary population have already indicated perceptions that the CRI will impact negatively on access to care within the military direct care system. I feel that a test of user fees in this climate will exacerbate beneficiary concerns regarding the continued availability of benefits in military facilities. Active duty and retired military families will view user fees as a further erosion of benefits. This will have a negative impact on morale, performance, retention, and readiness within the military services. Also, user charges will reduce the disposable income of military families.

Several studies on user fees show that user charges decrease outpatient utilization. This result may indicate that user fees will serve as barriers to access to care, especially among lower income families. These families may postpone or delay treatment for conditions which may become worse, and thus cost more to treat. Other impacts are expected as a result of the test. One such impact includes increases in in-patient care as illustrated in several studies, with resultant increases in costs. Another is the requirement for additional resources, including equipment, facilities, supplies and manpower to support the implementation of the test.

CHAMPUS REFORM INITIATIVE (CRI)

Senator WILSON. General Becker, how does the PRIMUS program fit into CRI or otherwise make long term improvements in military health care?

General BECKER. The Army developed the PRIMUS program in direct response to a 1983 congressional directive to increase access and convenience to health care while increasing specific numerical workload goals. The satellite clinic (PRIMUS) was one proposal made by the Army and supported by ASD(HA). The PRIMUS clinics operate as an extension of the direct care system. The first and primary objective of opening these clinics is increased access to health care for the beneficiaries. The resulting high patient satisfaction is a result of how the program was implemented. Both the Navy and the Air Force have initiated similar programs. The Army PRIMUS clinics provide better access, which is more convenient for the patient because of clinic location, at a cost 60% less than the cost of a comparable CHAMPUS visit and 30% less than the government share of the cost. PRIMUS clinics are an integral part of the direct care system and in regard to CRI are treated as any other military health clinic. While CRI includes a primary care option, it encompasses much more including outpatient specialty services as well as inpatient care. CRI cost savings have not yet been identified to the government because the program has not yet been implemented.

The PRIMUS contractor is at risk within the limitations of the contract. He must provide the contracted services for a fixed price per patient encounter. All referrals from PRIMUS are to military hospitals. PRIMUS clinics do not refer patients to CHAMPUS. The overhead required for regional contracts and the risk sharing formula of CRI have not yet demonstrated any cost savings or increased levels of health care for military beneficiaries. PRIMUS has proven to increase access and convenience at a reduced per visit cost to the government. Because PRIMUS will reduce the non readiness related primary care workload in the MTF, the MTF Commander can shift his resources into war related specialty areas. The long term improvement in health care is the ability of more beneficiaries to obtain primary and preventive care in a convenient manner.

Senator WILSON. General Chesney, I understand that the immediate result of these new clinics is increased beneficiary satisfaction, but isn't the long term effect a disincentive for military beneficiaries to utilize the CRI program and an expenditure of military medical funds that might better be used for modernization of facilities to meet wartime medical needs? Since these programs are being administered separately by the services, would each of the Surgeons General comment about how they believe these programs fit into CRI or otherwise make long term improvements in military health care.

General CHESNEY. The immediate result of these new clinics is improved access to military medical care for beneficiaries of the military health care system. Beneficiary satisfaction is a secondary benefit of PRIMUS/NAVCARE Clinics. The CRI program has not been implemented so it is difficult to speculate on the effects of PRIMUS/NAVCARE Clinics, or any other program, on the operation of CRI.

These clinics are extensions of the military direct care system. In terms of their relationship to CRI, I understand they will be treated the same as any other new service-funded clinic operated as a part of the Military Health Care System.

PRIMUS/NAVCARE Clinics are only one way to improve the long term problem of access to military health care. It is also a means of providing primary medical care, reducing facility congestion, supplementing military staffing, etc., while providing health care to military beneficiaries. These clinics provide an additional choice for our patients, and improve flexibility for the MTF. If CRI operates well and eliminates the need for this flexibility, renewals of the PRIMUS/NAVCARE contracts can be withheld.

PRIMARY CARE CLINICS

Senator WILSON. Admiral Seaton, finally, I continue to read about the rapidly expanding separate, and in some cases, competing programs of each of the military departments to build and operate free standing primary care clinics. The Army calls its program PRIMUS, the Navy calls its program NAVCARE, and the Air Force also calls its program PRIMUS.

Since these programs are being administered separately by the services, would each of the Surgeons General comment about how they believe these programs fit into CRI or otherwise make long term improvements in military health care.

Admiral SEATON. NAVCARE clinics are contractor-owned, contractor-operated facilities designed to help meet the primary health care needs of our beneficiaries by relieving overcrowded naval hospitals. They provide a broad range of primary care services and refer patients with more serious medical problems to nearby naval hospitals for specialty evaluation and treatment. We, therefore, view these clinics as an extension of Navy's system of medical treatment facilities. Their establishment demonstrates our commitment to improving access to medical care for military members and their families in a cost effective manner.

Navy supports the efforts of the Assistant Secretary of Defense (Health Affairs) to replace the self-insurance fee-for-service mechanism of CHAMPUS with fixed price contracts that take advantage of the competitive health care marketplace. However, because of the unknown variables involved with implementing CRI, i.e., the precise number and mix of the affected population, its impact upon the NAVCARE program cannot be accurately gauged at this time.

OVER RELIANCE ON RESERVE FOR WARTIME HEALTH CARE

Senator WILSON. Will each of the Surgeons General describe your views about the correctness of our overall (not just your service's) reliance on Reserve forces for combat medical care?

General CHESNEY. The services do rely heavily upon the Reserve forces for combat medical care, and we feel the tasking is appropriate. Individually and collectively, the Services have put a great amount of effort and thought into the selection of Reserve and Active forces for our varied combat missions. Some missions are primarily Active or primarily Reserve, while others are shared. The factors used to make these decisions include the specialties required for the mission, training capability in the various components, and mobilization availability. Overall, we feel the reliance on the Reserve recognizes the capabilities of each segment of the total force and enables the services to maintain a high state of medical readiness.

CHAMPUS REFORM INITIATIVE (CRI)

Senator WILSON. Dr. Mayer, you have briefly described the progress of the CHAMPUS Reform Initiative in your testimony. I have two or three matters I want to pursue with you in that regard, two of which are identified in the testimony to be presented later by the GAO. As you know, I have been one of the strongest supporters of this Reform and I continue to be so, and I want to assure myself we are continuing to pursue this concept as I understand it.

First, as I understand the CRI concept, the Department seeks to save funds by shifting the risk for providing health care to all beneficiaries in a given region at a fixed price to the contractor. At the same time, more appropriate utilization of military facilities would be accomplished by providing an incentive to the contractor to refer surgical and similar high cost cases to military facilities through the gatekeeper function.

However, I am concerned that in its RFP the Department has bowed to contractor pressure and has insulated the contractors from some of the market pressures and risk by providing for additional payments if utilization exceeds estimated utilization rates. Doesn't this provision for increased payment for higher than expected utilization remove the contractor's incentive to make military facility referrals and to control repeat visits and excessive utilization?

Dr. MAYER. The inclusion in the RFP of a prospective price adjustment feature represented a very significant revision to accommodate concerns expressed by industry regarding the amount and nature of the underwriting risk. However, we do not believe it removes the contractor's incentives to make the most effective use of military treatment facilities or to deliver the most quality, cost-effective civilian care possible.

This is true for two reasons. First, the prospective price adjustment does not increase payments for the contractor's excessive civilian utilization in the year it occurred; rather, it only reprices the future contract options. Thus, excessive civilian utilization results in a contractor loss during that year.

The second reason is that in repricing the option year, the contractor is in no way assured that DOD will exercise the option to continue the contract. Rather, the contractor knows that if the price has become too high, DOD will not exercise the option.

All in all, the prospective price adjustment feature was necessary and appropriate to keep the contractor's underwriting risk within manageable bounds while still preserving the key incentives for quality, cost-effective health care delivery.

Senator WILSON. Second, the GAO in its written statement made available to the committee this morning, questions whether the Department will have the time to make an effective evaluation of the Phase I demonstration project before moving to Phase II implementation if it sticks to its present schedule.

Now, I fear we sometimes study and evaluate good ideas into oblivion. But at the same time, I believe that we must be sure that CRI is going to work before we take action to convert the entire CHAMPUS program. Would you please comment on these concerns?

Dr. MAYER. DOD fully shares these concerns. DOD policy was set forth in the Executive Summary of the Request for Proposals (RFP): "Implementation of Phase II will not be undertaken unless and until results of the demonstration phase indicate that the key features of CHAMPUS Reform have accomplished their intended purposes."

Consistent with this policy, DOD will have an evaluation methodology fully developed well in advance of the scheduled spring 1988 start date of the demonstration phase. The development of this demonstration evaluation method will take full account of all final provisions of the contracts, which will be negotiated in the late summer and early fall of 1987.

In addition, DOD will assure that the demonstration is of sufficient duration to allow for a careful evaluation. In this regard, DOD will not issue an RFP for Phase II for at least 6 months after Phase I begins. At that time, a preliminary assessment will be made. If Reform appears at that point to be accomplishing its objectives, and RFP for Phase II may be issued. At least 6 more months will pass, while industry prepares proposals and DOD evaluates them, before any contracts could be awarded. At that point, based on an evaluation of Phase I, a decision will be made on whether to proceed with Phase II. This will be at least 1 year after the start of Phase I. Because a period of at least 6 months will be needed for contract start-up, Phase II will not begin for at least 18 months after Phase I begins.

Therefore, it is our belief that the structure, evaluation process and timeframe allow for a prudent, rational, and orderly consideration of this Initiative to assure that it meets its goal of improving health care services for our military families.

Senator WILSON. Finally, I continue to read about the rapidly expanding separate, and in some cases, competing programs of each of the military departments to build and operate free standing primary care clinics. The Army calls its program PRIMUS, the Navy calls its program NAVCARE, and the Air Force also calls its program PRIMUS.

Dr. Mayer, what supervision is your office providing to these programs and exactly how do these facilities fit into CRI?

I understand that the immediate result of these new clinics is increased beneficiary satisfaction, but isn't the long term effect a disincentive for military beneficiaries to utilize the CRI program and an expenditure of military medical funds that might better be used for modernization of facilities to meet wartime medical needs?

Dr. MAYER. Health Affairs has provided encouragement and support to the services with respect to this program, but has not been involved in the individual selection of sites or the contract negotiations.

Although we can understand concerns that the PRIMUS-type approach differs in some respects with aspects of the CHAMPUS Reform Initiative, for several reasons, DOD views CHAMPUS Reform and PRIMUS as entirely compatible. First, both are attempting to relieve the serious overcrowding in military hospitals and clinics, especially for primary and preventive care. CHAMPUS Reform will do this under a voluntary enrollment program called "CHAMPUS Prime," which will feature preferred provider networks and the eliminiation of normal CHAMPUS deductible and copayment amounts. PRIMUS approaches the same problem differently, using free standing, contractor-operated clinics. Because the need is so great, there is more than enough room for both approaches, at least in the short term.

The second reason DOD does not believe PRIMUS will interfere with CHAMPUS Reform is that, relative to the total Military Health Services System, PRIMUS-type clinics will be handling a small proportion of the total outpatient care workload.

Even by the end of fiscal year 1988, when most of the currently planned clinics will be in operation, PRIMUS-type clinics is all three services will still be handling less than two percent of the outpatient care workload.

Finally, it should be remembered that, at this stage, CHAMPUS Reform is a demonstration project, scheduled to begin in fiscal year 1988. Before we have information indicating the results of CHAMPUS Reform, which we anticipate will be favorable, it would be premature to conclude that PRIMUS clinics should be discontinued.

COMPOSITE HEALTH CARE SYSTEM

Senator **Wilson**. Do you believe the Veterans' Administration's Decentralized Hospital Computer Program is capable, in its present form, of meeting the needs of the Department of Defense, and if not, why not?

Dr. **Mayer**. As you know, there are two congressionally mandated operational tests now underway at March AFB and Fitzsimons Army Medical Center for the express purpose of determining the extent to which the Veterans' Administration Decentralization Hospital Computer Program (DHCP) will meet the needs of the Department of Defense. The report of these tests is still several months away. Therefore, it is difficult, if not premature at this time, to comment as to the relative ability of DHCP to aequately address DOD requirements.

Notwithstanding my last statement, however, I would offer the following based upon our current knowledge of DHCP and the efforts expended heretofore at both operational sites. The software being used at the two test sites has required modification to accommodate specific DOD requirements. Hence, we know now that the DHCP software cannot meet operational requirements in DOD medical treatment facilities without some adjustment. What is yet to be resolved is the extent to which the DHCP software will support the full set of DOD functional requirements, and the cost/benefit and technical considerations associated with modifying it to meet DOD standards. These questions will be analyzed in great detail in the coming months, will be contrasted with the CHCS alternative and will be reflected in the DOD report to Congress in January 1988.

Senator **Wilson**. So it is true that the Department is spending in excess of $8 million to test this system in two Defense facilities solely because of congressional direction? Did the Department believe these tests would be helpful in obtaining a system for the Department?

Dr. **Mayer**. The Department of Defense has spent many years achieving tri-service agreement on the functional requirements reflected in the CHCS specification. It is my firm belief that the CHCS specification reflects the minimum level of support required by the Department's medical treatment facilities. I remain committed to the minimum functions and system requirements agreed to and supported by the three Medical Departments. However, I am completely flexible as to the means by which the requirements are satisfied. When Congress mandated that DOD test DHCP'a ability to support DOD operations, DOD concurred and made every effort to expedite test initiation and ensure a fair and comprehensive evlauation.

The extent to which the VA system meets those requirements will be determined by the operational tests themselves. To that end, the tests at Fitzsimons and March have proved fruitful to DOD. I might add that the costs of the tests are indeed projected to approximate $8 million.

Senator **Wilson**. In last year's defense authorization conference, I obtained the agreement of the Chairman of the House Veterans' Affairs Committee that he would seek no extension of the VA system test beyond October 1987. In its prepared testimony before the committee today, GAO says that meaningful test results will not be completed at the second test site by October 1, 1987, the mandatory cut off date. Do you agree with that testimony, and if so, why won't the test results be complete? Can you describe any benefit that will be derived by the Department of Defense by continuing to test the VA system after October 1987?

Dr. **Mayer**. There have indeed been delays in installing the DHCP system at Fitzsimons, largely attributable to difficulties in site preparation. Accordingly, the test at Fitzsimons has not progressed as far as we had originally hoped and anticipated. Nevertheless, the degree to which the systems have been installed to date is quite remarkable, especially when compared with the normal lead time associated with a major information systems installation.

As I speak, the functionality operational at the March AFB site includes clinical dietetics, radiology, laboratory, inpatient pharmacy, and mental health in addition to the basic areas of admission, disposition, transfer, patient scheduling and outpatient pharmacy. Functions operational at Fitzsimons include admission, disposition, transfer, patient scheduling, outpatient pharmacy, clinical dietetics, mental health and laboratory. Only nursing, social work, order entry/results reporting and record tracking functions have not yet been installed, although all will be operational by June 1987. Inpatient pharmacy and radiology will be operational at Fitzsimons in April 1987.

Therefore, while Fitzsimons has experienced some delays, together the two sites have progressed to the point where meaningful analysis and conclusions can be rendered well within the October 1987 timeframe. For this reason, I believe that no useful purpose is served by extending the two DHCP operational tests beyond the October 1987 timeframe and would urge Congress not to do so.

Senator WILSON. Under the Department's present timetable, the operational test of competing systems is scheduled during the period of December 1986–November 1987, meeting the congressional mandate that such a test be conducted for not less than 9 nor more than 12 months. I understand the Chairman of the House Armed Services and Veterans' Affairs Committees have objected that the test, as planned, does not meet Congress' intent, and GAO has suggested that the time allocated for the operational test is not sufficient. I must say that I do not recall any expression of congressional intent about the operational test beyond the statutory provision and the conference report on it. Would you give us your views on these issues, Dr. Mayer?

Dr. MAYER. Your statement is quite correct that there has been no specific guidance from Congress relative to conducting the operational tests beyond what was included in the National Defense Authorization Act of 1987 and the conference report. Guidance provided to date only specifies that DOD shall conduct operational tests of the four CHCS Stage I vendors for a period of not less than 9 months nor more than 12 months. This we have done as the four tests officially commenced in December 1986 and are scheduled to conclude in November 1987 for a total timeframe of 11 months.

Lacking specific guidance, a methodology similar to that developed to evaluate the VA DHCP test was adopted. This process measures each vendor's ability to prepare for, install and perform initial user training in addition to the evaluation of the system's functionality and technical capabilities. As with the VA DHCP evaluation full functionality will be operational for only a short period, although measures have been established to evaluate partial functionality and installation activities prior to that time in both instances.

Responding to congressional concern over the length of the operational tests and following a suggestion first proposed by sources within Congress itself, DOD has recently adopted a dual award strategy which has been successful in other procurements where risk reduction was critical and price competition highly desirable. The strategy, as amended, will extend and expand the on-going operational tests.

The current four tests will continue through November 1987. The operational test and extended benchmark evaluations together with the written Stage II proposals will be used to narrow the competition to two vendors. The operational testing will then be expanded to an additional 14 sites, each of the final two vendors installing their systems in 7 facilities. The operational test is scheduled to continue for an additional 12–15 months and will evaluate Levels I, II and IId of the CHCS functionality. During this period, the two vendors will also develop and install selected Level III functions for DOD evaluation. Upon completion of the extended operational testing, DOD may choose to deploy, based on a final evaluation, with up to two contractors if both alternatives prove to be in the best interests of the government by affording reasonable and competitive cost and technical solutions.

OVER RELIANCE ON RESERVES FOR WARTIME HEALTH CARE

Senator WILSON. Secretary Jim Webb, shortly before he left his post as Assistant Secretary of Defense for Reserve Affairs, made public comments expressing concern that we were placing over-reliance on Reserve components for many wartime support missions, and he especially mentioned medical care.

According to the recent Annual Report of the Reserve Forces Policy Board, 70% of the Army's combat medical care, 46% of the Navy's combat care, and 33% of the Air Forces's combat care will come from the Reserves.

Now, it is my belief that, unlike some other support missions, the reliance on Reserves to perform combat medical care is not so much the result of a lengthy study of the ability of the Reserves to perform that mission better or as well as the Active Forces, but the result of the fact that we cannot recruit and retain on active duty a sufficient number of health professionals in critical specialities. If I am correct, that concerns me greatly.

Will each of the Surgeons General describe your views about the correctness of our overall (not just your service's) reliance on Reserve Forces for combat medical care?

Admiral **Seaton**. The medical department of each military service is charged with dual missions. We provide health care to our beneficiaries during peacetime yet must be prepared to shift functions to provide combat casualty care at the outbreak of war. Each function requires a different mix and number of health care professionals. During peace, we need obstetricians, pediatricians, internists, even gerontologists as well as various types of surgeons. During war, the emphasis shifts to the surgical specialties with the care previously provided to dependents and retirees being shifted to the civilian sector. The challenge comes in finding the proper number and mix of surgical and non-surgical specialities to have in uniform during peacetime so that early wartime medical requirements can also be met.

I do not believe that, during peacetime, we can recruit and make efficient use of the total number of active duty health care personnel required to meet wartime medical needs. Because the number of personnel needed to fulfill the wartime mission is so large and so different than that available during peacetime, the military medical departments have no alternative, barring conscription, other than to rely on the reserve component to reach wartime personnel requirements.

We recognize that today's Reserve strength is significantly less than Navy's projected wartime requirements for Reserve medical personnel. To reduce this shortage, several innovative incentive programs are being implemented by the Director, Naval Reserve to increase the number of Reserve medical personnel. Two new congressionally directed programs, an educational loan repayment program and a specialized training assistance program, have been instituted to increase the number of critically needed medical specialists (general surgeons, orthopedic surgeons, anesthesiologists, nurse anesthetists, and operating room nurses) in the Reserve component. These programs supplement existing efforts to meet wartime requirements. The Physician Reservists in Medical Universities and Schools and the Reserve Flexibility programs allow alternatives to routine drilling requirements for physicians and other surgical specialties. The Navy's Reserve Allied Medical Program which pays tuition and fees for personnel to acquire technical skills in return for enlisted service in the Selected Reserve is providing quite successful.

[Whereupon, at 12:05 p.m., the subcommittee was adjourned.]

DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEARS 1988 AND 1989

TUESDAY, MARCH 24, 1987

U.S. SENATE,
SUBCOMMITTEE ON MANPOWER AND PERSONNEL,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

RECRUITING, RETENTION, AND COMPENSATION

The committee met in open session, pursuant to notice, at 9:35 a.m., in room SR-232A Russell Senate Office Building, Senator John Glenn (chairman) presiding.

Present: Senators Glenn, Exon, Shelby, Wilson, and McCain.

Staff present: Patrick Tucker, minority counsel; David Lyles, Frederick F.Y. Pang, Patricia Watson, professional staff members; Debra Rice, staff assistant.

Also present: Phillip Upschulte, assistant to Senator Glenn; Terrence Lynch, assistant to Senator Shelby; William J. Wight, assistant to Senator Warner; Mark Albrecht, assistant to Senator Wilson; Samuel Routson, assistant to Senator Symms; and Pat Putignano, assistant to Senator McCain.

OPENING STATEMENT OF SENATOR JOHN GLENN, CHAIRMAN

Senator GLENN. The hearing will be in order.

The Subcommittee on Manpower and Personnel meets today to continue its review of the manpower and personnel portions of the Department of Defense authorization request for fiscal years 1988 and 1989.

Before hearing from our witnesses, I want to say that the investments that the Congress has put into the manpower accounts over the past few years have produced the kind of returns that are gratifying.

Military services are recruiting and retaining quality men and women at record levels. And the manpower shortfalls in the Army and Navy that threatened combat readiness just a few years ago have been largely corrected.

And that is not to say we should be complacent. On the contrary, I think we need to be very careful in protecting the gains we have made, and it won't be easy.

The fiscal climate in which we find ourselves is going to force some hard choices, especially in light of the youth demographics, which indicate we are on the downward side of the supply curve.

In our previous sessions we addressed defense manpower, medical readiness, and support programs. The sessions provided valuable insight to this subcommittee on Active, Reserve and civilian component manpower needs, and on the status of health care in the Department of Defense.

So it is appropriate that the hearing today will focus on recruiting, retention and compensation programs for the total force. We will hear from our witnesses on topics such as the effectiveness of the new GI bill as a recruiting tool, and the long term prospects for manning the total force, and the numbers and quality needed; and the effective military compensation and benefit programs on sustaining the kind of manpower inventory we need to field a combat ready force.

I repeat that: combat ready force. Combat ready force. I can't say it too many times. Many of you gentlemen have been here at our previous hearings, and you know that I brought that up a number of times.

And that has to be the bottom line for all of this.

And we are pleased to welcome our witnesses today.

For our first panel, we have Dr. David J. Armor, Principal Deputy Assistant Secretary of Defense for Force Management and Personnel; Mr. Dennis Shaw, the Principal Deputy Assistant Secretary of Defense for Reserve Affairs. And the military personnel representatives from the services: Lt. Gen. Robert M. Elton of the Army; Rear Adm. John Disher from the Navy; Lt. Gen. Thomas J. Hickey from the Air Force; Lt. Gen. E.C. Cheatham from the Marine Corps.

For our second panel today we have Dr. Neil Singer, Deputy Assistant Director, National Security Division from the Congressional Budget Office.

Gentlemen, I believe each of you has submitted a statement for the record. I would like to have you briefly summarize your statement in opening remarks.

Senator Wilson is on the way and will be here in just a couple of minutes.

And I will recognize him for his remarks later.

Just one note before we start.

General Elton, I understand you're completing 4 years as the Deputy Chief of Staff for Personnel in the Army, and that you will be leaving that post this summer.

If I am advised correctly, and since it is likely that this could be your last hearing before this subcommittee in your current capacity, I wanted to take a moment to thank you for your cooperation in giving us your very candid views on Army manpower and personnel issues over the past 4 years.

During your watch, the Army has made major strides in improving the quality of its personnel. It is indeed gratifying that the Army is currently recruiting high quality personnel, and that also, for the first time since the inception of the AVF, you are recruiting at the same rates with the high quality, the education levels and so on, at the same rates as the other services.

That is very notable. And we applaud your leadership in this, and in the initiatives that you have undertaken to improve the quality of life of our soldiers and their families.

And we as a committee would be united in extending to you and Mrs. Elton and the rest of your family our very best wishes in your future endeavors.

General ELTON. Thank you, sir.

Senator WILSON. Mr. Chairman, I would join in those remarks and those good wishes, and expressions of gratitude.

Senator GLENN. Thank you. And I would recognize Senator Wilson. I've just completed my remarks, so whatever remarks you want to make.

Senator WILSON. Thank you, Mr. Chairman.

Let me join with you in welcoming the witnesses. This is a very important hearing this morning on recruitment and retention.

Directly related to the general subject of recruiting and retention are the various elements of compensation within the Armed Services, whether that compensation is paid directly as military pay, as a bonus, or as incentive pay or in some other benefit form, such as in educational assistance.

And there are a number of specific items that we must address today, not the least of which is the test program GI bill.

I look forward to hearing from Dr. Armor. I'm interested in his explanation, in detail, of the administration's proposal to make that program permanent, while having the Department of Defense assume total responsibility for funding that program, while reducing the level of benefit for shorter term enlistments.

I intend to examine with our witnesses the basis for the administration's recommendation, in light of the fact that only last year, the administration was advocating return to the veterans' education assistance program and repeal of the test GI bill; and in light of the fact that we have no objective evaluation yet of the results, at least not so far as I'm aware of the test program, especially as that program may adversely affect retention of personnel.

I also want to explore with our witnesses their views about how much longer we can continue to restrain military pay far below comparable civilian levels.

As we continue to cap military pay year after year, I grow increasingly concerned that our personnel will begin to vote with their feet just as they did in the late 1970s.

Staff visits with soldiers, sailors, airmen and marines in the past few months indicate we may be very, very close to reaching that point.

I look forward to hearing our witnesses' views about whether there is much validity in making comparisons on military pay raises to the pay raises given civilian employees of the Government, and I intend to ask for our witnesses' opinions as to whether we are asking enough in return for some of the training often described as being worth millions of dollars which we provide to some of our officers such as pilots and nuclear engineers.

I think it is important that we look not only at the levels of compensation we are providing our personnel, but also look at how we are managing those personnel, and ensure that we are receiving a fair return on our total investments.

Mr. Chairman, there is much to do today, and I thank you for having this hearing. I think that it is important. You know that I share your concerns, and I know that you share mine, on each of these and many other personnel matters.

We have a distinguished witness panel. If anybody can provide the answers to those questions, they should be able to do it, and I look forward to hearing their testimony.

Senator **GLENN**. Thank you, Senator Wilson.

And Dr. Armor, I know that you all have submitted statements for the record, lengthier statements, and those will be included in the record, without objection, in their entirety.

If you would want to make any summary statement of your views, we would welcome that.

Dr. Armor, do you have any remarks you wish to make?

Dr. **ARMOR**. Yes, I do, sir, thank you.

STATEMENT OF DR. DAVID J. ARMOR, PRINCIPAL DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR FORCE MANAGEMENT AND PERSONNEL

Dr. **ARMOR**. Mr. Chairman, members of the committee:

It is a pleasure for me to appear here before you today for the second time to discuss our recruiting and retention programs and outlook for the coming several years.

As you mentioned, I have a prepared statement which I would like to enter in the record.

Senator **GLENN**. That will be done.

Dr. **ARMOR**. Before beginning my brief remarks, let me acknowledge the very substantial contribution made by your committee and your members toward restoring this Nation's military manpower programs.

We look forward to working with you in the coming years to maintain this outstanding record of success.

Many of my remarks parallel remarks by you, Mr. Chairman, and by Senator Wilson. When President Reagan came into office, this administration inherited a deteriorating military personnel situation.

Recruit quality was at an all time low. There was a mass exodus of skilled and trained noncommissioned officers, and many were willing to give up on the volunteer concept.

Since that time, we have dramatically reversed those problems, even beyond our expectations. As a result, recruiting and retention are at all time highs, and the career force is growing in size, quality and experience.

In short, we now have the most capable military in our history, one that is talented, highly skilled, and committed to the defense of our Nation.

Our success over the past several years can and must be sustained, to preserve America's security throughout the rest of the decade and beyond. We must maintain our military capability, and that means attracting and retaining a quality force.

And we must remain competitive in what promises to be a more challenging recruiting environment.

Hopefully we have all learned from the poor manpower record of the late 1970s. Reduced quality of life programs and inadequate recruiting and retention resources were false economies that resulted in the most serious manpower crisis in the history of the volunteer force, if not the history of the military over a longer period.

Working together, it has taken the Congress and the administration over 6 years to rebuild our military. We simply cannot afford to make those mistakes again.

Turning first to recruiting, the services are continuing to recruit high quality personnel in sufficient numbers to satisfy their requirements.

In fiscal year 1986 over 90 percent of new recruits in the Active components had high school diplomas, and scored average or above on the enlistment test.

This compares to less than 70 percent in 1980, a 20 point gain in both of those indicators of quality.

Recruiting outlook for fiscal year 1987 is good. During the first quarter of 1987, all services achieved their enlistment objectives for high quality recruits, and are maintaining their Delayed Entry Programs, the DEP, at the desired levels.

The Reserve components also had a good year and achieved their higher end-strength objectives with high quality recruits, and about 90 percent of those were high school graduates and scored average or above on the enlistment test.

Now the outlook for 1988 and 1989 is not quite as clear. The 5 percent decline in the youth population, coupled with reduced youth unemployment, will make recruiting somewhat more difficult.

Nonetheless, for fiscal year 1988 we have included only 2.3 percent, or $45 million, in real growth in recruiting resources. Most of that very modest increase is needed to achieve higher recruiting requirements in the Navy and the Reserve components.

On the retention front, first term enlisted retention continues to be very good, although at somewhat lower levels than the peaks we experienced during 1982 to 1984.

Career retention has held steady for all services in 1986, following a small decline the previous year.

Reserve retention is also improving.

End-strength is up 4 percent in the Reserves, while recruiting only 7,000 more people than last year, the product of improved retention.

After 5 years of stable and high retention, many seem complacent that this favorable experience will somehow continue of its own momentum.

I look at the growing accumulation of recent budget reductions and hope that our collective memory will not be so short.

Consider some of the cuts imposed in 1987 alone. The proposed pay raise was both reduced and deferred, dropping military pay raises a cumulative 9.4 percent behind those received by private sector workers since 1982.

The proposed budget for the new reenlistment bonus payments was reduced by $67 million.

Military members were denied $55 million in needed housing allowance increases, forcing higher out of pocket costs for moves.

The PCS budget was reduced by $300 million, imposing longer overseas tours, longer family separations, and even greater unreimbursed moving expenses for military families.

The impact of these and other reductions in fiscal year 1987 remain to be seen. First quarter reenlistment results do show declines in both first and second term rates for three of the four services.

In sum we view fiscal years 1988 and 1989 as years of potentially serious manpower risks, and we have proposed a budget that we believe will keep those risks at an acceptable level.

To support our recruiting and retention programs in 1988–1989, and in order to safeguard the hard won gains we have made over the past 6 years, we are asking your support for the compensation program in the budget which calls for a pay raise of 4 percent in 1988 and 4.3 percent in 1989.

Now this will still leave military pay 9.4 percent behind the employment cost index, the indicator we use for making this comparison with the private sector, but it will prevent further pay erosion.

We believe that it's critical to maintain those minimum pay raises to preserve these recruiting and retention gains we've made in the past several years.

Finally, let me say a few things about the viability of the volunteer force. Despite our success with it, many have called for a return to a draft or some form of national service.

Criticism of the volunteer concept generally stems from the mistaken belief that the declining youth population will make it impossible to recruit sufficient manpower, quantity and quality; and that a draft or a national service of some type would produce a higher quality force, improve our representation, and be less costly.

Let me take these points in order.

Critics point to the declining youth cohort as the main reason for abandoning the volunteer concept. What they don't tell you is that the youth cohort has been declining since 1979, and yet each year we have met our recruiting goals while improving recruit quality.

Now there are many reasons for this seeming contradiction, and most of those reasons have to do with the kinds of resources that we have devoted to recruiting, and improving the quality of life in the military; as well as changes of attitudes in the public at large.

Our improved pay, the quality of life, the public image, longer enlistment periods, improved retention and recruiting have meant that we have to recruit fewer new enlistees each year; and we have put additional recruiters and recruiting resources into the field with a lot of outreach programs to contact the kinds of young people we would like to bring into the service.

The decline in the youth population will not be a problem as long as we remain committed to those programs that we have been building in the past 6 years which made the volunteer force a success in the first place.

Second, many argue that a draft or national service would improve the recruit quality and would produce a more socially representative force.

These critics are mistakenly thinking of the failures of the late 1970s, not of the success of the 1980s. Since 1981, our recruit quality has exceeded national averages on all measures. A return to the draft, or national service, would lower recruit quality below the levels attained today.

On socioeconomic indicators as well, the current profile of recruits very closely matches the socioeconomic distribution and the ethnic group representation of our society as a whole.

Finally, despite allegations that the volunteer force is too costly or that we could save money by returning to a draft, no one has yet shown us how that could be done. In an effort to settle the cost issue, we have commissioned an independent contractor to determine the true costs of returning to a draft.

Preliminary estimates by the contractor indicate that the Defense Department portion of a draft, excluding the Selective Service System, would add $1.5 to $2 billion a year to our budget.

We will provide this committee with a copy of the study with these cost projections as soon as possible.

As far as the cost of national service is concerned, Dr. Charles Moscos, a distinguished professor at Northwestern University and a well known advocate of this possibility, has recently estimated that it would add $7 billion a year to the Federal budget; that is, his particular plan.

Clearly in the era of fiscal restraints, we cannot afford undue increases in the defense budget, especially when such programs are not needed to man the force.

When evaluating the volunteer force, let's not forget the problems we had with the draft. The concepts of individual liberty, individual rights, and minimizing Government intrusions into private life form the very foundation of our republic.

Consequently, major controversy has erupted nearly every time we have proposed a draft or a return to a draft. The public outcry was especially severe during the Vietnam conflict, as a result of high draft calls and an unjustifiable exemption of a large number of potential draftees.

We instituted the volunteer force primarily because we were unable to develop a fair and equitable draft. And there's little reason to suspect that we could do any better today.

The volunteer force has provided the Nation with higher quality recruits than possible under a draft, and no one has shown us yet that any budget savings are possible by any other system.

More important, the concept of volunteerism has the overwhelming support of the public.

Despite some resource problems that we had in the late 1970s, we have satisfied this Nation's military manpower needs with volunteers for over 13 years, and now have the highest quality force in our history.

I know it's an old saying, but I think it seems especially fitting on this issue: if it isn't broke, don't fix it.

In closing, let me again point out that it's taken us a long time to recover from the severe military manpower problems of the late 1970s. I realize that military manpower costs are highly visible, and thus, are tempting targets for immediate savings. Nevertheless, experience has shown that we will ultimately pay an even greater price for such false economies, in the form of larger budget expenditures in the future to repair the shortages that we would, for sure, realize.

The Nation cannot afford for us to make that mistake again. Our people must remain our highest priority.

Thank you very much.

[The prepared statement of Mr. Armor follows:]

PREPARED STATEMENT OF DR. DAVID J. ARMOR

Principal Deputy Assistant Secretary of Defense
Force Management and Personnel

Mr. Chairman and members of the Committee: It is my pleasure to appear before you today to discuss the Department of Defense's current recruiting and retention programs.

Over the last several years, the Congress, the Military Services, and this Administration have worked together to end the extremely unfavorable military manpower condition of the late 1970s. We learned then that reduction in recruiting resources and failure to fund essential quality of life programs were false economies. The budget reductions associated with these actions yielded only short-term savings while producing the most serious manpower crisis in the history of the volunteer force -- recruiting shortfalls, low recruit quality, and a mass exodus of skilled, trained noncommissioned officers.

The cumulative effect of years of inadequate compensation and under funding of our enlistment and reenlistment bonuses and recruiting programs had made it nearly impossible to recruit and retain quality personnel. Public support of the volunteer concept dwindled, and there were renewed calls for reinstatement of the draft. In short, the Nation had lost its confidence in the military because of the widespread deterioration in our manpower programs.

Since that time, due largely to programs introduced by this Administration, a sense of pride and dignity has been restored to the military profession. We are now meeting our recruiting objectives with young men and women of unprecedented high quality. The excessive losses to the career force have been halted.

Reenlistment rates are at historically high levels, and the career force is growing in size, quality, and experience. In terms of military manpower, we have created the most capable force in our country's history -- one that is bright, well educated, and committed to the defense of our Nation.

We are firmly committed to safeguarding the gains we have made in our people programs to ensure that our investment continues to pay off in terms of the improved personnel readiness necessary to fulfill our worldwide national security obligations. We must not forget the problems created in the late 1970s when we decimated the ranks by attempting budget reductions at the expense of our military personnel. It has taken us a long time to recover -- we cannot afford to make the same mistakes again!

RECRUITING

Recruiting Objectives. In FY 1986, all Services met or exceeded their overall enlistment objectives. The Department obtained 100 percent of its recruiting goal through substituting some non-prior service individuals for prior service personnel. Table 1 reflects the Services' active component enlisted recruiting results for Fiscal Year 1986, and Table 2 shows their enlisted accession plans through Fiscal Year 1989.

Table 1
ACTIVE COMPONENT ENLISTED ACCESSIONS
ALL SOURCES - FY 1986

Service	Recruiting Objectives (Thousands)	Actual Accessions (Thousands)	Percent of Goal
Army	135.3	135.5	100
Navy	94.9	94.9	100
Marine Corps	36.7	36.8	100
Air Force	66.4	66.4	100
DoD	333.2	333.6	100
Source			
Non-Prior Service			
Men	276.2	276.7	100
Women	38.4	38.5	100
Prior Service	18.7	18.3	98

Table 2
ENLISTED ACCESSION PLANS
(Thousands)

Service	FY 1987	FY 1988	FY 1989
Army	133.2	133.3	136.6
Navy	92.9	96.0	100.9
Marine Corps	35.6	35.6	30.6
Air Force	61.7	61.0	65.5
DoD	323.5	325.9	333.5

Recruit Quality. Simply recruiting sufficient "numbers" is not enough, however. A key feature of our recruiting success has been the quality of our new personnel. While the private sector relies on employment history to evaluate the quality of prospective workers, the vast majority of applicants for the Military Services have no such experience. Because of the difficulty in constructing individual profiles and measuring performance and motivation, military personnel quality has traditionally been defined in terms of educational attainment and aptitude test scores.

Regarding education, the possession of a high school diploma is currently the best single predictor of successful adjustment to the military. A high school diploma graduate has almost an 80-percent chance of completing his initial term of service compared with a 60-percent probability for the non-graduate. The percentage of enlisted accessions with high school diplomas has increased from 72 percent during the 1964-1973 draft period to 92 percent in 1986. This increase is particularly impressive considering that only 68 percent of our accessions had high school diplomas as recently as 1980. During conscription, only 69 percent of our volunteers held high school diplomas, while 77 percent of the draftees were graduates. Table 3 shows the Services' high school diploma graduate rates since this Administration has been in office.

Table 3
HIGH SCHOOL DIPLOMA GRADUATES AS A PERCENTAGE OF NON-PRIOR SERVICE ACTIVE COMPONENT ENLISTED ACCESSIONS

Service	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
Army	54	80	86	88	91	91	91
Navy	75	76	79	91	93	89	85
Marine Corps	78	80	85	91	95	97	98
Air Force	83	88	94	98	99	99	99
DoD	68	81	86	91	93	93	92
Youth Population	75	75	75	75	75	75	75

The second measure of quality refers to performance on the Armed Forces Qualification Test (AFQT). For reporting purposes, scores on the test are grouped into five categories. Persons in Categories I and II are above average in trainability and could qualify for admission to most colleges; those in Category III are of average trainability; persons in Category IV are below average; individuals in Category V are well below average and by law are ineligible to enlist.

During the Vietnam era, the proportion of new recruits scoring average or above (Categories I-III) was 80 percent, with 72 percent of the draftees and 84 percent of the volunteers scoring in these ranges. In FY 1986, 96 percent of our new recruits scored at this level. Again, while this is a large improvement over the quality of both the volunteers and conscripts of the draft period, it is all the more dramatic since only 65 percent of the new accessions scored in this range in 1980. Table 4 presents the proportion of new recruits scoring in AFQT Categories I-III since 1980.

Table 4
AFQT CATEGORIES I THROUGH III AS A PERCENTAGE OF NON-PRIOR SERVICE ACTIVE COMPONENT ENLISTED ACCESSIONS

Service	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
Army	44	65	78	85	87	91	96
Navy	80	86	88	90	90	90	90
Marine Corps	69	84	89	91	93	96	99+
Air Force	87	90	92	97	98	99	99+
DoD	65	79	85	89	90	93	96
Youth Population	69	69	69	69	69	69	69

We also recruited over 250,000 people in FY 1986 for the Selected Reserves. This is approximately 30,000 more than we enlisted in FY 1980. While the number of enlistments has increased by 13 percent, the quality of the new recruits has also increased as seen in Tables 5 and 6.

Table 5
HIGH SCHOOL GRADUATES AS A PERCENTAGE OF
SELECTED RESERVE ENLISTED ACCESSIONS 1/

Service	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
Army National Guard	79	79	81	78	81	86	88
Army Reserve	64	74	80	81	82	87	91
Navy Reserve	77	80	80	84	86	81	87
Marine Corps Reserve	49	74	89	92	92	95	99
Air National Guard	99	99	99	99	99	100	99
Air Force Reserve	96	98	98	99	99	99	99
DoD	76	80	83	83	85	88	91
Youth Population	75	75	75	75	75	75	75

1/ Includes equivalency certificates and diploma graduates. Also includes the best available estimate of high school students who enlisted prior to graduation but were expected to graduate.

Table 6
AFQT CATEGORIES I THROUGH III AS A PERCENTAGE OF
SELECTED RESERVE ACCESSIONS

Service	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
Army National Guard	86	90	91	90	91	91	88
Army Reserve	65	79	87	87	85	86	91
Navy Reserve	62	94	95	96	88	85	92
Marine Corps Reserve	61	91	80	79	91	90	96
Air National Guard	98	99	99	99	99	99	99
Air Force Reserve	97	97	97	95	94	93	94
DoD	78	89	91	89	89	89	91
Youth Population	69	69	69	69	69	69	69

The quality of our new personnel is at an all-time high, and this has resulted in the most talented and best-disciplined force ever. The young people serving our country today are clearly of a much higher caliber than those of the early years of the volunteer force and of the previous draft period. This change was largely the result of improved compensation and quality of life programs coupled with adequate recruiting resources; however, the perception of the Nation's young people toward the military has also played an important role.

Youth Attitudes Toward Military Service. The perceptions of today's youth concerning military service obviously have an impact on recruiting. To assess these perceptions, the Department annually conducts a survey known as the Youth Attitude Tracking Study (YATS). This survey asks young people about their future plans, particularly whether they are considering military service. The most recent survey, conducted in the Fall of 1986, showed that propensity for military service was unchanged from that of 1984 and 1985. This propensity was substantially lower than that of 1981 through 1983 and corresponds to the more difficult recruiting conditions the Services have experienced the last few years.

While we cannot predict precisely the enlistment behavior of youth, the annual YATS trend data provide insight into the attitudes, propensity and motivation of young adults toward military service. Although the attitudes and intentions do not translate directly into enlistments, we know that the more positive the level of propensity, the better the recruiting environment. The recent surveys suggest that the propensity to enlist will remain unchanged over the next year.

The decline in propensity from the level of 1983 accompanied the beginning of a decline in youth unemployment and resulted in some recruiting problems. The Congress, however, took action to provide additional recruiting resources which enabled the Services to continue to recruit high quality young men and women. These programs must be supported to maintain the momentum.

Delayed Entry Program. The current health of our recruiting programs is strongly reflected in our Delayed Entry Program (DEP). This program allows the Military Services to recruit the needed personnel up to 12 months in advance and to place these individuals under contract. The Services attempt to maintain at least one-third of the next 12 months' accession objectives in the DEP. Currently, each of the Services is at or near this goal. In addition, the quality of the individuals in the DEP is extremely high. Ninety-five percent are high school diploma graduates or seniors and 92 percent scored average or above on the enlistment test. These figures bode well for active component recruiting for the remainder of Fiscal Year 1987.

Future of Recruiting. Beyond 1987 the recruiting picture is not quite as clear. Recruiting is, in fact, likely to become more challenging. Several factors are coming together which will affect our recruiting efforts. From 1979 to 1986, there was a seven-percent drop in the male youth population. That trend will accelerate over the next few years, with 1989 having a youth cohort which is an additional five-percentage points smaller than that of 1986. This trend, in conjunction with the continued reduction in youth unemployment, will make recruiting somewhat more difficult in 1988 and 1989.

Over the last few years there has been little change in the total number of employed youth. Since the number of available youth is smaller, the youth unemployment rate has been declining. Should the current trend continue, the youth unemployment rate would be expected to decline from around 19.5 percent today to close to 17 percent in 1989. To respond effectively to these changing conditions, we must provide competitive levels of pay and benefits and continue to give our recruiters the resources necessary to project a favorable military image. Accordingly, our active recruiting resource request includes a 1.9 percent real growth to respond to the expected changes in the recruiting climate and to achieve slightly higher recruiting requirements in the Navy.

RETENTION

Retention programs help shape the personnel inventory to ensure the Services have the kinds and numbers of noncommissioned officers and petty officers needed to meet mission requirements.

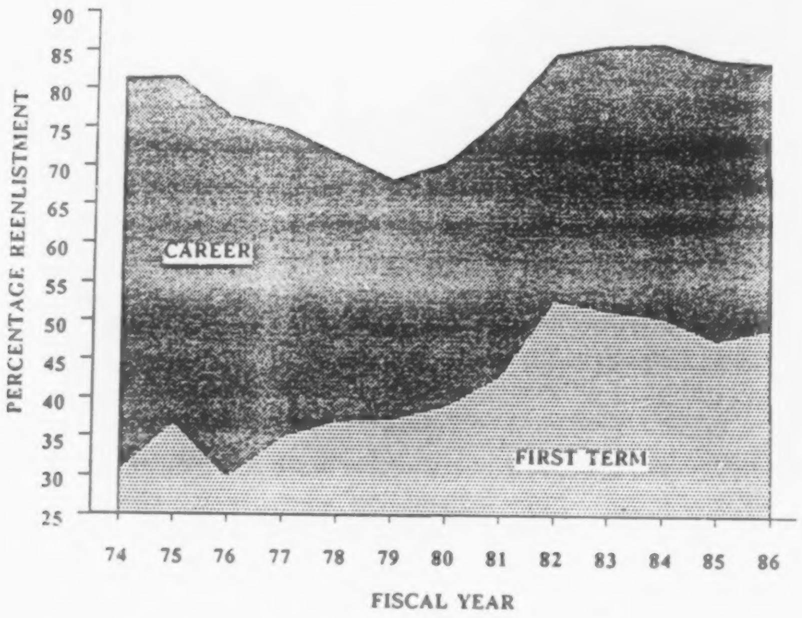
As our recruiting commercials say, "We don't ask for experience; we give it." But we also know that we need to get a high return on our investment by reenlisting a substantial share of the quality people we train. It is our dedicated, highly-motivated careerists that keep our land, sea and air forces at a fighting peak. These seasoned veterans provide supervision and on-the-job training for first-term personnel, and they comprise the resource pool from which we must select tomorrow's senior NCOs and petty officers.

Over the last decade, we have learned through hard experience that retention is the very backbone of readiness. Military readiness dropped along with retention in the late 1970s when large numbers of experienced military people "voted with their feet" after years of budgetary neglect in military compensation, quality of life and other important areas. Readiness dropped because we could not make up for the years of experience that walked out the door. Highly-trained veterans had to be replaced with less-seasoned personnel and new recruits, with predictable results.

Beginning in 1980, the Administration and the Congress worked together to turn the situation around. Together, we committed long-overdue resources to restore pay comparability, increased bonus incentives and improved living conditions, and the effects were immediate. With renewed pride in the service of their Nation, military members, trained with new equipment, improved operational capability, and reenlisted at record rates over the next several years -- with dramatic improvements in readiness. Figure 1 shows reenlistment trends for first-term and career Service members.

Enlisted Retention. Enlisted retention statistics have continued at an excellent pace over the last two years, although at somewhat lower levels than the peaks experienced during Fiscal Years 1982 through 1984. After a drop in FY 1985, first-term retention improved for three of the four Services in 1986. The Army experienced a decline of two percentage points, but still met its first-term reenlistment goal. Career reenlistment rates held relatively steady for all Services in FY 1986, following small declines the previous year.

Figure 1
FIRST TERM AND CAREER REENLISTMENT RATES
(DOD)



After five years of stable, high retention, many seem complacent that this favorable experience will somehow continue of its own momentum. I do not agree. In this time of Gramm-Rudman-Hollings austerity, it will be inviting to propose further reductions in the military personnel request for FY 1988 and FY 1989. I look at the growing accumulation of recent reductions and hope that our collective memory will not be so short.

Consider just some of the cuts imposed for FY 1987. The proposed pay raise was both reduced and deferred, dropping military pay increases a cumulative 9.4 percent behind those received by private sector workers since 1982. The budget for new reenlistment bonus payments was reduced by $67 million -- 19 percent below the Administration's request and 14 percent below FY 1986 execution -- making it more difficult to retain members in critical skills. Military members were denied $55 million in needed housing allowance increases, forcing higher out-of-pocket costs. The permanent change of station budget was reduced by $300 million, imposing longer overseas tours, longer family separations, and even greater unreimbursed moving expenses for military families.

The impact of these and other reductions in FY 1987 remains to be seen. First quarter reenlistment results show declines in both first- and second-term rates for the Army, Navy and Marine Corps compared to last year's first-quarter experience, while the Air Force reports higher rates. We believe the Air Force and Marine Corps changes in large measure reflect temporary anomalies due to the effects of planned force management actions -- early releases and bonus program adjustments, for example. The reasons for the Army and Navy declines remain speculative at this point. While we are hopeful that reenlistment rates will approach last year's numbers as the year progresses, we must also recognize that there will be fewer reenlistment incentives because of the budget cuts I mentioned earlier.

Officer Retention. Overall, officer retention has continued at an acceptable level. However, two significant areas remain troublesome. Pilot retention in both the Air Force and the Navy has declined since peaking in FY 1983. While remaining well above the level experienced in the late 1970s, it is consistently below what is required by both Services to maintain their inventories and expand to meet programmed growth for the remainder of the decade. If current trends persist, the Air Force will move toward a substantial pilot deficit by 1990. Similarly, the Navy will be unable to reduce its already existing shortfall of 1,100 pilots. Retention of nuclear-trained naval officers remains at a level that has allowed a small increase in inventory. However, as nuclear power requirements for surface and submarine officers increase, the nuclear community finds itself still laboring under a 22-percent shortfall in grades of lieutenant commander through captain. For both the nuclear and pilot communities, monetary incentives need to be maintained or enhanced to preclude the further departure of officers in these vital warfighting skills.

In sum, I view 1988 and 1989 as years of potentially serious manpower risks. We have proposed a budget that we believe will keep the risks at an acceptable level. With your support, we will continue to maintain the retention and readiness successes of the last five years. Should reductions in vital retention incentives continue to accumulate, the level of risk will increase accordingly.

RECRUITING AND RETENTION RESOURCES

No single recruiting incentive or program can fulfill all the accession requirements of the Services. While educational benefits provide a major incentive in attracting high-quality recruits, the four to seven percent high-quality supply expansion effect estimated by the Congressional Budget Office that can be attributed to the New GI Bill basic benefit makes it clear that educational benefits alone are not sufficient to meet Defense manpower requirements. Our experience indicates the optimum solution is a balanced mix of recruiting resources, incentives and enlistment options that will appeal to the broadest segment of the eligible youth population.

Accordingly, the Department of Defense supports the use of the New GI Bill, supplemented by educational kickers such as the Army College Fund, as an enlistment incentive, but only as part of a broader program of recruiting and retention tools. The New GI Bill can be best used in combination with targeted enlistment and reenlistment bonuses, other enlistment options/incentives, adequate numbers of recruiters, advertising funds and other recruiting resources designed to convey military opportunities to the young men and women of America. A well-balanced program of such incentives, coupled with competitive pay and benefits, is vital to the continued success of our military manpower efforts and must remain the cornerstones of our future recruitment and retention programs.

Tables 7 and 8 summarize the FY 1986 actual, FY 1987 programmed and FYs 1988-89 proposed recruiting resources for the active and reserve enlisted, officer and medical programs. The FY 1988 request for active force recruiting is approximately $58.5 million (or about 4.3 percent) more than the FY 1987 program. Of that increase, a modest 1.9 percent ($25.8 million) is real program growth while the remaining 2.4 percent is an inflation adjustment. The Army and the Air Force have austere recruiting programs with no real growth from FY 1987 to 1988, while the Marine Corps has a small growth of less than two percent. The Navy is the only Service requesting significant additional resources. Its real growth of $19.3 million (6.1 percent) is needed to meet increased recruiting objectives in a more difficult recruiting climate.

The FY 1988 request for Selected Reserve recruiting is about $39.9 million more than the FY 1987 program. This includes $29.8 million (6 percent) in real program growth, while the remaining $10.1 million is an inflation adjustment. The Air Force, Army and Navy Reserve components account for most of the growth. The Air Force Reserve growth will provide support for the authorized

Table 7
ACTIVE FORCE RECRUITING RESOURCES 1/
(Current $ in Millions)

Service	Actual FY 1986	Program FY 1987	President's Budget FY 1988	President's Budget FY 1989
Army	625.3	596.2	606.8	607.6
Navy	298.9	318.1	347.8	334.9
Marine Corps	178.7	190.0	193.8	193.7
Air Force	147.5	155.3	156.8	157.0
Joint Programs 2/	93.0	102.9	115.8	122.4
Active Total:	$1,343.3	$1,362.4	$1,421.0	$1,415.6

1/ Numbers may not add due to rounding.
2/ Includes the DoD Recruiting Facilities Program, Joint Market Research Program, and the Joint Recruiting Advertising Program.

Table 8
RESERVE COMPONENTS RECRUITING RESOURCES 1/
(Current $ in Millions)

Component	Actual FY 1986	Program FY 1987	President's Budget FY 1988	President's Budget FY 1989
Army National Guard	223.9	237.3	242.1	244.4
Army Reserve	140.1	152.4	162.8	167.7
Naval Reserve	62.9	75.7	88.2	92.3
Marine Corps Reserve	19.8	19.3	18.6	18.4
Air Force Reserve	19.5	25.4	29.5	32.2
Air National Guard	31.9	35.4	38.4	37.5
Joint Advertising	2.0	2.0	7.8	8.0
Reserve Total:	$500.1	$547.5	$587.4	$600.4

1/ Numbers may not add due to rounding.

additions to its recruiting forces. The Army Reserve increase is needed for the Health Professions Incentives program which will enable us to attract additional medical personnel to support mobilization requirements. The Navy Reserve growth is needed to raise its end-strength to the levels authorized for FY 1988. In total, reserve non-prior service recruiting requirements will increase by about 5 percent in FY 1988.

RECRUITING AND RETENTION ISSUES REQUIRING CONGRESSIONAL SUPPORT

Military Pay Raise. Our experience in the late 1970s showed us that failure to maintain a competitive compensation and quality of life package can only result in a military force which is woefully inadequate. In order to safeguard the hard-won gains we have made over the last six years, we are asking for your support for the compensation program we have submitted in the budget. The core components of this package are pay raises of 4.0 percent in FY 1988 and 4.3 percent in FY 1989. We believe these are critical to preserving the military force over the long term.

Housing Allowances. We are also seeking raises in Variable Housing Allowance (VHA) rates of 3.4 percent in FY 1988 and 3.5 percent in FY 1989. As you are aware, Congress deleted the 4.9 percent increase needed in 1987 to cover the increase in housing costs that had previously taken place. Military members are already being asked to absorb nearly 20 percent of the housing costs as a result of past actions to save money. Such actions again raise doubts among our Service personnel as to their value to the Nation and could well result in lower retention rates. In addition, we are requesting repeal of the offset provision. The current offset provision penalizes personnel who choose to spend less for housing and encourages higher spending to avoid losing any of the allowance. We believe that this provision will cost money in the long term if it is not repealed.

New GI Bill. The Department supports the New GI Bill as one element of a balanced program of recruiting tools. To further enhance the management and effectiveness of this program, we are proposing some changes to it. First, we believe that the funding responsibility should be transferred from the Veterans Administration to the Department of Defense. This change would permit us to manage the educational benefits in a manner which would emphasize their use as a recruiting incentive. In addition, we are recommending changes in the structure of the basic benefit. These changes would allow us to vary the basic benefit with the length of the term of enlistment. This change would allow us to use the New GI Bill funds more efficiently by encouraging recruits to sign up for longer periods of service. In so doing, we could reduce both overall recruiting objectives and training costs.

Recruitment Advertising. In the area of recruitment advertising, we are continually seeking ways to improve our advertising strategies and campaigns to provide cost-effective support for our field recruiters. The findings of a year-long, national advertising experiment conducted in FY 1984 support the hypothesis that the total DoD advertising budget can be reduced and certain economies and efficiencies achieved by increasing reliance on the Joint Recruiting Advertising Program (JRAP). Accordingly, we have taken action to phase in a 25-percent reduction to the total DoD advertising budget during the FY 1988-1992 period.

JRAP complements and supports Service recruiting and advertising efforts by creating positive awareness of the benefits and opportunities common to all Services. JRAP provides support for the Services collectively, support that would cost considerably more if each Service were to fund such support individually. Joint programs include national television advertising, direct mail to Selective Service System registrants, an annual DoD magazine for 3.2 million high school seniors, production and distribution of New GI Bill brochures, and the purchase of prospect lists for dissemination to the Services.

However, if increased reliance on JRAP is to be successful, a proper balance between JRAP (corporate) and Service-specific (product) advertising is essential. We should not reduce Service advertising budgets, require the Services to increase their reliance on JRAP and then drastically cut JRAP. The Services have had successful recruiting results during the past few years. We know our Nation's economy has had an impact on recruiting, but we believe advertising has also contributed significantly to our success. As the economy improves and the enlistment-age youth population declines, the recruiting environment will become more difficult and advertising will play an even more important role.

Enlistment and Reenlistment Bonus Authority. Enlistment bonuses are one of the key reasons that the Services have been so successful in their recruiting. However, they give us far more than just numbers of recruits. Enlistment bonuses actually give us more high-quality recruits and channel these top-caliber people to longer terms of enlistment in specific skills where we need them the most. They are the most efficient recruiting tools we have to attract high quality candidates to specific skills. For example, we pay bonuses only to high school diploma graduates who score at or above the 50th percentile on the AFQT. For the most part, they serve in combat skills or hard-to-recruit, high-aptitude skills such as nuclear technicians and voice-intercept linguists. In the face of the declining pool of service-eligible males, enlistment bonuses are essential to ensure a continued supply of highly capable people for these important specialties.

One of the main reasons our retention programs have been successful is that we have provided incentives for good people to stay with us. As military pay raises fall farther behind those of civilians, private sector opportunities become relatively more attractive, particularly in high-demand technical fields. In these circumstances, it is doubly important to maintain bonus incentives to assist in meeting manpower requirements for mission-critical skills. The request for reenlistment bonus funds contained in the President's budget reflects projected funding requirements needed to meet retention objectives in these key specialties.

Statutory authority to pay enlistment and reenlistment bonuses expires as of September 30, 1987. The Department of Defense is proposing legislation that would provide permanent authority for these important incentives. We foresee the need for bonus programs for an indefinite period, and permanent authority is essential to eliminate the recurring uncertainties, program suspensions, and unfavorable personnel impacts experienced in the past when passage of the annual DoD Authorization Act has been delayed.

Payment Schedule for Reenlistment Bonuses. The Department is proposing legislation to eliminate the current requirement to pay at least 75 percent of a reenlistment bonus as an initial lump sum. The relief provided by Congress last year applied to FY 1987 only. We believe the law should provide the flexibility to permit adjustment of the payment methodology to accommodate changing economic conditions so that limited bonus funds can be allocated in the most cost-effective manner. For FY 1988, the current law forced the Department to budget an extra $168 million to meet the 75-percent requirement.

SPOT Promotion Program. We strongly support the Navy's legislative proposal to provide permanent authority for its SPOT promotion program for exceptional nuclear officers. This program provides an important incentive for the Navy's best lieutenants to seek these particularly difficult nuclear engineer assignments. This is a no-cost proposal -- all promotions occur within statutory grade ceilings -- and enactment would eliminate the present requirement for annual extensions of this key authority.

VIABILITY OF THE VOLUNTEER FORCE

Despite 13 years of success with the volunteer force, the desirability of returning to conscription continues to receive a great deal of attention. Typically, criticism of the volunteer force stems from the mistaken belief that conscription will produce a higher quality, more representative, and less expensive force. Also at issue is the notion that the decline in the youth population and reduced youth unemployment will make it impossible to recruit sufficient numbers of quality young people. In these last few pages of my testimony, I would like to share with the Committee my commitment to the voluntary system as the preferred method of raising military manpower and to attempt to assuage your concerns over these unfounded criticisms of the volunteer force concept.

The Declining Youth Population. The declining 18-year old youth population is often cited as sufficient cause for discarding the volunteer force concept. It is frequently argued that the

Department of Defense will have to recruit one of every two 18-year old males in order to meet its future military manpower requirements. What demographers fail to point out, however, is that the 18-year old population peaked in 1979, the last year the Services failed to meet their recruiting objectives. Since then, the 18-year old population has been declining each year. In fact, over the last seven years, the 18-year old male population has declined by over 17 percent (from 2.2 million in 1979 to 1.8 million today). Nevertheless, we have met our recruiting objectives in each of those years and our recruit quality has improved as well.

Moreover, this single age cohort will only decline another 200,000 at the low point in 1992 and will then start to increase again. Clearly, the majority of this population decline is already behind us and has had relatively little impact, thus far, on our ability to recruit high quality volunteers. There are many reasons for this seemingly contradictory performance:

oo improved pay, quality of life, and public image;

oo longer enlistment periods and improved retention resulting in smaller annual recruit requirements;

oo additional recruiters and recruiting resources;

oo increased utilization of women;

oo women's labor force participation along with immigrants and older workers lowering demand for male youth labor by civilian employers;

oo despite the improved economy, youth unemployment rates remaining at levels higher than the late 1970s; and oo recruiting from other than the 18-year old population. In reality, this single age cohort only accounts for about 35 percent of active and 25 percent of reserve accessions.

Looking to the future, Table 9 contrasts the male youth population and projected non-prior service requirements of the active and reserve components in 1996, the low point of the youth population, with 1974, a good recruiting year; 1979, the worst recruiting year in the history of the volunteer concept; and 1986, the most recent year.

Table 9
MALE YOUTH POPULATION AND NON-PRIOR SERVICE RECRUITING

FY	18-24 Year Old Male Population	Qualified* 18-24 Year Old Males	NPS** Male Accessions	Percent Qualified 18-24 Year Olds Needed
74	13,736,000	7,441,700	404,271	5.43
79	15,186,000	9,474,300	340,098	3.59
86	14,162,000	9,025,500	364,314	4.04
96	11,840,000	7,334,300	374,000	5.10

* estimate of the physically, mentally, and morally qualified men who have not had military service and are not in institutions. Note that many of the FY 1974 youth had previous service in Vietnam reducing the number of men available that year.

** table assumes all male non-prior service accessions are from these age cohorts. In fact, only 83 percent are 18 to 24 years old, 9 percent are 17 years old and 8 percent are 25 or older.

This table illustrates that although the youth cohort continues to decline, the Services will require only a small percentage of the qualified and available young men. Especially noteworthy is the much higher quality of recruits in FY 1986, when we needed 4.0 percent, than in FY 1979, when we needed only 3.6 percent. Moreover, even by 1996, the Services will have to recruit a smaller proportion than was needed in 1974.

Clearly, this population decline will make recruiting more difficult but not impossible. Continued commitment to those principles that made the volunteer force successful - competitive pay, adequate recruiting resources to attract quality volunteers, and sufficient reenlistment bonuses to retain them will help us to effectively respond to further population changes, just as they have in the past and will help to ensure the future of the volunteer force.

Quality of New Enlistees. Another common misconception is that recruit quality would somehow be improved by a return to conscription. Again, there is no evidence to support this assertion. In fact, recruit quality has improved under the volunteer concept and for the last few years has been significantly higher than our earlier experience with the draft. Table 10 contrasts recruit quality of the volunteer force era with quality achieved during conscription and with the average of the youth population from which we recruit.

Table 10
QUALITY OF NON-PRIOR SERVICE ENLISTED ACCESSIONS
(Percentage)

	Fiscal Year														
	Draft	------------				Volunteer Force				----------					Youth
	64-73*	74	75	76	77	78	79	80	81	82	83	84	85	86	Population
DoD															
HSDG	72	61	66	69	69	77	73	68	81	86	91	93	93	92	75
I-III**	80	91	94	93	65	71	66	65	79	85	89	90	93	96	69
Army															
HSDG	68	50	58	59	59	74	64	54	80	86	88	91	91	91	75
I-III**	77	82	90	89	52	57	49	44	65	78	85	87	91	96	69

* annual average. Highest high school diploma graduate percent during this period was 78 percent in FY 1966 and the highest AFQT I-III proportion was 86 percent in FY 1973.

** AFQT Categories I-III represent average or above trainability.

Clearly, the quality of recruits has varied substantially. Periods of excellent recruiting (e.g. FY 1975-76 and 1982-86) brought in higher quality personnel than during the draft era. In mediocre or poor years (e.g. FY 1977-80), driven largely by an erosion in military pay and benefits and dramatic reductions in recruiting resources, manpower shortages occurred and recruit quality fell. However, our 13-year experience with the volunteer force offers conclusive evidence that, given fair and competitive compensation and adequate recruiting resources, we can attract higher quality volunteers than could be conscripted under a representative draft.

Social Representation. Another issue which has plagued the volunteer force concept is that of social representation. The idea of representation has been the very foundation of democratic thought. Perfect representation would exist, in theory, if a governmental organization were made up of persons who exactly replicated the population served in terms of race, gender, geographic and social origin.

In the 1960s, this concept spread to the military manpower community. The public had begun to question the statistical composition of the Armed Services. During Vietnam, the Selective Service System came under attack for deferment policies which favored affluent whites. More recently, critics of the volunteer force have charged that the white middle class is not doing its part for defense.

What is meant by "acceptable" representation has never been established. To further complicate this issue, the Services do not use social or demographic criteria for enlistment. The Services do not even collect many types of information such as social origin on their recruits since there are no standards of comparison.

The only valid measure of the effect of a volunteer system on the demographic composition of the force in comparison to one of compulsory service is the pool of new recruits which each system would generate. To illustrate the impacts of the current voluntary system, let us examine the black representation of our new recruits.

Table 11 shows blacks as a percentage of non-prior service accessions and the 18- to 24-year old youth population. In 1973, the last year of the draft and a time when hostilities had largely ceased, there was a five-percentage point difference in the accession and youth population figures. In the early years of the volunteer force, the difference grew, peaking at nearly 13-percentage points in 1979. At that time, it appeared that the Services were having trouble attracting white youth, generating critics' claims that the system was creating an all-black force and that whites were not doing their part for defense. Today, all that has changed, and the difference has returned to that of the pre-volunteer force days. Thus, the volunteer system is now accessing no more blacks than would a peacetime draft.

Table 11
BLACKS AS A PERCENTAGE OF NON-PRIOR SERVICE ACCESSIONS AND THE YOUTH POPULATION

	Fiscal Year													
	Draft	Volunteer Force												
	73	74	75	76	77	78	79	80	81	82	83	84	85	86
NPS	17	21	18	17	20	23	26	22	19	19	18	18	19	19
Youth	12	12	13	13	13	13	13	13	14	14	14	14	14	15

The criticism of the volunteer force for lack of representativeness is largely unfounded and there is no reason to believe that a return to conscription would change the demographic makeup of the force. To institute a "representative" draft, we would have to deny enlistment opportunities to many in order to force others to serve. This would not seem to be in the best interests of the Nation or those groups who are supposedly overrepresented.

To create a fully representative force of the qualified population, a system of conscription without deferments would be necessary. It would also have to restrict voluntary enlistments in order to maintain the demographic balance. Under our current system of voluntary enlistments, the Services make no attempt to regulate the demographic characteristics of new recruits. The enlistment standards we use are designed to ensure that the best qualified applicants are accepted. Highly qualified individuals are not turned away, and preferential treatment is not given to any applicant over an equally qualified one because of membership in any demographic group.

Whether or not the Services should in fact be representative must be determined by the Nation's citizens. Until that time, the Department will continue to provide equal opportunity, and to fill the ranks with those persons whose educational attainment and aptitude scores predict that they will be successful and productive military members.

Costs of the Volunteer Force. Now, let me turn to the notion that the volunteer force is "too expensive," or, alternatively, that significant savings would be possible by returning to conscription. Since the inception of the volunteer force in 1973, critics have voiced concern over the costs of the volunteer system. Despite this criticism, there is no evidence that a return to conscription would save money. Analysts have been trying for years to quantify the true costs of the volunteer force with little success. The fundamental problem is the issue of how much of the manpower cost growth since the beginning of the volunteer era is attributable to the volunteer system versus how much would have occurred if we had retained a draft?

While it is true that direct manpower costs have increased since the beginning of the volunteer force (seven percent real growth of about $5 billion between FY 1974 and 1987), this growth results from force structure changes, a move to retirement accrual, added programs such as the Variable Housing Allowance

(VHA), and enhanced special pay and allowances. In actuality, increases to basic military pays (basic pay, basic allowance for quarters, and basic allowance for subsistence) from 1974 to 1987 are approximately 15 percent less than the total increase in the Consumer Price Index (CPI) over the same period. Furthermore, factors leading to increased military pay can be traced to well before the beginning of the volunteer era:

oo introduction of the "comparability" pay principle for Federal civilian employees in the early 1960s resulted in large pay increases in that decade;

oo beginning of annual pay raises for career military personnel in 1963 and for recruits in 1966;

oo the Rivers Amendment, passed in 1967, required that future military pay increases be equal (in terms of percentages) to the pay increases for Federal civilian employees; and

oo large "catch-up" pay raises for career military personnel in 1967-69, resulted from the linkage to Federal civilian raises.

This is not intended as an all-inclusive list of the factors that have affected Defense manpower/compensation costs over the years. Rather, it is intended to illustrate that increasing manpower costs are a direct result of the individual and cumulative effects of many different policy decisions implemented since World War II -- almost all of which were unrelated to the volunteer force and would have occurred even under a draft. These policy decisions, instituted long before the volunteer system began, recognize the right of military members to fair compensation, whether volunteer or conscript. To illustrate this point, the Gates Commission, in recommending transition to an all-volunteer force, argued vigorously that the pay discrimination against junior military personnel should be eliminated for equity reasons alone -- whether or not the draft was ended!

Despite this, many who criticize the volunteer force on the basis of cost argue that Defense manpower costs have grown enormously in the last few years, and that pay would have been lower with a draft. At best, this is an uninformed notion that fails to consider that manpower costs in all sectors, public and private, have increased significantly over the last several years. In fact, since 1980 manpower cost growth in the private sector is about the same as Defense manpower cost growth. Real hourly compensation in the business sector has increased by four percent since this Administration took office. Military manpower costs per capita have also increased by four percent. Thus, costs under the volunteer concept are clearly in line with total compensation changes in the private sector over this period. Further, I would point out that this period included a military catch-up raise to make up for earlier pay caps.

Another myth perpetuated by draft proponents is that costs would be reduced if recruit pay were slashed. This ignores the fact that first-term salaries represent only a small portion of direct manpower costs; first-term basic pay represents about 10 percent ($6 billion) of total military pay and allowances, or about two percent of Defense budget outlays. Therefore, a draft would provide leverage over only about 10 percent of total military pay and allowances, and no control over cost elements that make up about 98 percent of Defense spending.

In addition, any "savings" realized by reducing first-term salaries would have to be offset against:

oo additional end-strength and manpower requirements associated with substituting two-year conscripts for three- and four-year volunteers. Most manpower analysts agree that this would mean a requirement for at least 100,000 additional people each year, resulting in $1 billion in additional training costs alone;

oo increased personnel turbulence, relocation costs, lowered force experience levels and reduced personnel readiness associated with shorter terms of enlistment; and

oo start-up and maintenance costs of the draft mechanism itself to include the addition of about 6,000 full-time employees to the Selective Service System (SSS). In 1973, elimination of the draft and corresponding reduction in the SSS yielded savings of $170 million in 1987 dollars.

Clearly, reducing first-term salaries and returning to conscription in order to achieve some vaguely defined budget savings does not hold up well to even a cursory examination.

In an effort to settle the relative cost issue, we have commissioned an independent contractor to develop a methodology for analyzing the costs of returning to conscription. That study will assume a lower level of recruit quality than we are accessing today (more on the order of what we experienced during the last draft) and a larger first-term mix with associated reductions in the size of the career force. This will nearly replicate the conditions of the last peacetime draft. We have also asked the contractor to develop a methodology for estimating the loss in force effectiveness and reduction in personnel readiness associated with lowered accession quality and the reliance on larger numbers of inexperienced first-term personnel.

We will provide a copy of this study, along with cost projections, as soon as it is completed. Preliminary work by the contractor suggests that a return to conscription, even with substantial reductions in first-term pay, could cost the taxpayer an additional $.5 to $2.5 billion yearly.

Public Perceptions of the Volunteer Military. I believe it is imperative in discussing the viability of the volunteer military that we not lose sight of why this Nation instituted the volunteer concept in the first place -- we simply could not develop an equitable draft! Recall that conscription for the Armed Forces has been used for only about 35 of the 210 years since the Declaration of Independence. The concepts of individual liberty, individual rights, limiting government and excluding it as much as possible from the lives of citizens form the very foundation of our Republic. Consequently, major controversy has erupted nearly every time a draft has been considered.

The public outcry was particularly severe during the Vietnam conflict. Continued high draft calls, unjustifiable exemption of large numbers of potential inductees, and increased opposition to both Vietnam and the draft led then Presidential candidate Richard Nixon to declare that "... a system of compulsory service that arbitrarily selects some and not others simply cannot be squared with our whole concept of liberty, justice and equality under the law ... its only justification is compelling necessity ..." This ultimately led to the successful transition to the volunteer concept.

Perhaps, in a democratic society, the most important issue is the will of the public served. In 1984, the National Opinion Research Center (NORC) of the University of Chicago undertook a study on military personnel issues at the behest of the Ford Foundation. The survey, the third in a series by NORC, was in no way sponsored or supported by the Department of Defense. It found that satisfaction with the volunteer force had grown to 84 percent compared with 63 percent in 1982. The proportion of respondents who assigned favorable ratings to the "quality" of military personnel rose from 53 percent to 72 percent over the same period. These data show that the public is pleased with the current condition of the military, and that their satisfaction is on an upward swing.

Survey respondents were also asked about their opinions on compulsory military service through a draft. This question had been asked in NORC's 1982 and 1983 surveys, as well as several other polls conducted by other survey organizations over the last several years. The responses appear in Table 12.

Table 12
PERCENTAGE OF U.S. ADULTS FAVORING A DRAFT

Survey Organization	Date	% Favoring Draft
Harris	Dec 1965	90
Harris	Aug 1966	84
Harris	May 1968	53
Gallup	Feb 1977	36
Gallup	Feb 1979	45
Gallup	Feb 1980	59
Gallup	Jul 1980	58
Gallup	Aug 1981	48
NORC	Feb 1982	44
NORC	Feb 1983	30
NORC	Feb 1984	24

The data reveal a great deal about American attitudes over time. Approval for a draft was nearly unanimous in 1965 as the Vietnam war was building. By 1968, when the war effort peaked, the public began to reject both the war and the draft. In 1979, when the quality of accessions was at an all-time low and the Services failed to meet their recruiting objectives, support for a draft began to rise. By 1981, recruiting was healthy again and the public once more began to reject a draft. Since that time, recruit quality has continued to climb and support for a draft has dwindled. It would seem that a draft is viewed by the American people as a fallback position in the event of a national emergency or outright failure of the volunteer system.

Despite some problems in its early years, the volunteer force has satisfied the Nation's requirement for military manpower for over a decade. Given the historical opposition to the draft, the clear preference of the American people to rely on voluntarism when practical, and our 13-year record of success with the volunteer force, it seems unlikely that a legitimate case can be made for returning to conscription.

Despite claims to the contrary, no one has yet demonstrated that conscription will save money. The volunteer force was implemented in 1973 largely as a matter of equity. Since then, recruit quality and retention are up, personnel readiness has improved, and public support for the volunteer force has grown. In view of the overwhelming public support for voluntarism, and the lack of any clear cost savings, it is uncertain what would be gained by a return to any form of mandatory service.

In conclusion, we have made great strides in the manpower arena in the last six years. This Committee has been instrumental in the improvements made in personnel quality and readiness. We could not have accomplished these gains without your support.

The future status of military personnel also rests in your hands. We can protect the gains we have made thus far by not allowing the compensation gap to widen further, by continuing to provide recruiters with adequate resources, and by continuing to support the vital quality of life initiatives. Failure to maintain these necessary programs can lead only to one outcome: a return to the dismal situation of the late 1970s.

In this time of fiscal constraint, I am keenly aware of the temptation the military personnel accounts pose to the budget cutters. There is an apparent opportunity for immediate savings. Such savings would be short-term at best. In the long run, we would have to pay a higher price in term of both budgetary outlays and in the loss of readiness. The Nation can ill-afford such short-sightedness again. People are our most important asset. Without high-calibre, dedicated personnel, we cannot have an adequate defense.

Thank you very much.

Senator **Glenn**. Thank you very much. I was little bit surprised at your statement in that you mention that our services do not indicate the socioeconomic groupings within our society as a whole.

Dr. **Armor**. Yes, sir. We replicate them almost exactly, sir.

Senator **Glenn**. I would be interested in that, because the only studies I have seen on that were a little bit the opposite.

And my support for the possibility of having to go to some sort of national service in the future has not been based on anything much other than my feeling that, and this points to my emphasis on combat readiness, is it right to ask the poor, the least advantaged, the economic minorities and so on in our society to be the ones to go out and get shot and die for all the rest of us if war starts, but we can get into that issue a little later.

Mr. Shaw.

STATEMENT OF DENNIS R. SHAW, PRINCIPAL DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR RESERVE AFFAIRS

Mr. **Shaw**. Senator Glenn, this is, in the last 4 weeks, the third opportunity that you've given me to submit a written statement, and the fourth opportunity to give an oral statement.

Senator **Glenn**. And we've got to stop meeting like this. These faces are getting very familiar.

Mr. **Shaw**. I would like to say that I've appreciated the structure of these hearings, established by you and the committee staff, and how we've looked at specific subject matter areas.

I've been in Reserve Affairs for the last 5 years, and I can't recall having it done this way. I think it's allowed us a look into some of the most important issues that are facing us or are going to face us in the future.

Senator **Glenn**. Good, we appreciate your comments. It takes a little longer, perhaps, to do it this way, but I think perhaps we get more information on the record, too.

Mr. **Shaw**. Well, that's the second point I'd like to make. I obviously put a lot of time into preparing for these hearings, but Mr. Chairman, you've been here for every minute of these too, and we really appreciate that.

It's important to us to know just how important you think we are.

Senator **Glenn**. Thank you.

Mr. **Shaw**. But with that, I've also learned in these past four sessions that you're more interested in the questions and the answers, so I rest.

Senator **Glenn**. Good.

[The prepared statement of Mr. Shaw follows:]

PREPARED STATEMENT OF DENNIS SHAW

Principal Deputy Assistant Secretary of Defense
for Reserve Affairs

Mr. Chairman and members of the Subcommittee:

I appreciate the opportunity to appear before this committee to present an overview of recruiting and retention in the reserve components.

Earlier this month, in my prepared statement for this committee, I testified that we have increasingly staked our national security on the ability to mobilize rapidly, deploy, and employ combat ready reserve component units and members anywhere in the world. I also testified that many military contingency plans cannot be executed effectively without committing some or many National Guard and Reserve forces in the same time frame as active forces.

Mr. Chairman, such heavy reliance on the reserve components is the legacy of the Total Force Policy; and, it requires that units of the Selected Reserve are manned at a level closely approaching wartime requirements. This has been one of our primary goals in recent years; and, we have made notable progress toward achieving it.

Selected Reserve Personnel Strength

Table 1 depicts the Selected Reserve strength profile by reserve component. We have requested Selected Reserve strength increases of nearly 33,000 in FY 1988 and 23,000 in FY 1989. These increases are needed to meet the most critical manpower demands of both new and expanded reserve component missions and to continue the effort to reach our trained unit strength goal of 90 percent of wartime requirements.

TABLE 1

Selected Reserve End-Strength*
(Thousands)

	FY 1980** Actual	FY 1985 Actual	FY 1986 Actual	FY 1987 Estimate	FY 1988 Request	FY 1989 Request
ARNG	366.6	440.0	446.2	452.7	458.8	464.9
USAR	213.2	292.1	309.7	319.4	330.4	339.1
USNR	97.2	129.8	141.5	149.5	157.4	161.7
USMCR	35.7	41.6	41.6	42.8	43.7	44.5
ANG	96.3	109.4	112.6	113.4	116.7	117.1
AFR	59.8	75.2	78.5	79.6	83.3	85.5
DoD**	868.7	1088.1	1130.1	1157.3	1190.3	1213.4

* *Numbers may not add due to rounding.*

** *For consistency, FY 1980 strengths have been adjusted to include Navy Training and Administration of Reserves (TARs) and Category "D" Individual Mobilization Augmentees (IMAs).*

Selected Reserve Recruiting

An improving civilian economy and declining eligible youth population are a recruiting and retention challenge. Both of these trends might have been expected to result in a substantial decline in the number of non-prior service (NPS) recruits. However, the investment in our recruiting programs produced 15,000 more NPS recruits in 1986 than in 1985.

During the period 1980 to 1986, total Selected Reserve enlisted accessions increased 13 percent.[1] The proportion of prior service and non-prior service accessions remained relatively constant throughout this time. For example, the percent of non-prior service accessions was 58 percent in 1980 and 59 percent in 1986. Table 2 summarizes Selected Reserve enlisted recruiting in FY 1980 through FY 1986.

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[1] However, total enlisted end-strength increased by 33 percent during this same period. The difference is attributed to increased retention.

TABLE 2

Selected Reserve
Enlisted Accessions
FY 1980 through FY 1986

Category	1980	1981	1982	1983	1984	1985	1986
PS	128373	126501	138321	130975	130624	143215	147921
NPS	93683	104077	106024	94679	87819	85555	102649
TOTAL	222056	230578	244345	225654	218443	228770	250570
End Strength	742221	777376	827302	861507	897749	936525	983583

The quality of Selected Reserve accessions continues to increase. Ninety-two percent of all FY 1986 accessions were high school graduates, which is four percent higher than in FY 1985. Ninety-one percent scored average or above (Categories I through III) on the Armed Forces Qualification Test (AFQT), which is two percent higher than in FY 1985. The overall improvement in the quality profile of recruits since 1980 is substantial, as shown in Table 3.

TABLE 3

Selected Reserve Enlistments (DOD)
Quality Indicators

Quality Indicators	Number	FY 1980 Percent Of Total Enlistments	Number	FY 1986 Percent Of Total Enlistments
High School Grads*	168,500	76	222,100	92
AFQT I-III**	172,200	78	226,200	91

** Includes equivalency certificate and diploma graduates, and best available estimates of those high school students who enlisted prior to their graduation and were expected to graduate.*

*** AFQT Categories I-III include enlistees who scored average or above on the enlistment test.*

Impact of Recruiting Resources and Incentives

We are continuing to achieve our total end-strength objectives. The growth in Selected Reserve end-strength and improvement in quality is the product of increased recruiting resources and expanded incentive programs (e.g., recruiters, advertising, enlistment bonuses, and educational benefits, including repayment of student loans).[2]

Since 1980, reserve component recruiting resources have increased 120 percent, and recruiting personnel have increased 30 percent. Budget resources available for enlistment bonuses increased from less than $5.0 million prior to FY 1980 to more than $118.0 million in FY 1986. Table 4 displays recruiting and retention resources from FY 1986 through FY 1989, including the New GI Bill entitlement for members of the Selected Reserve.

TABLE 4

DOD Reserve Components
Recruiting and Retention Resources

(Current $ in Millions)
(Includes New and Anniversary Payments)

	Actual	Program	President's Budget	
	FY 1986	FY 1987	FY 1988	FY 1989
Recruiters/Support *Includes Military Payroll Costs*	377.5	415.0	432.8	439.0
Advertising	44.1	51.9	61.7	61.4
Bonuses*	118.4	116.3	133.3	145.2
GI Bill (New Ch 106)	106.2	200.9	186.3	186.3
Total	646.2	784.1	814.1	831.9

** Includes: Enlistment, Reenlistment, Prior Service, Affiliation, and IRR Bonuses; Educational Assistance; and Loan Repayment programs for officer and enlisted personnel.*

Advertising has played an important role in increasing the end-strength and improving the quality of Selected Reserve personnel. The Joint Recruiting Advertising Program (JRAP) has been particularly significant to the reserve components. Two million dollars is allocated in FY 1987 for reserve component print and broadcast advertising. Of this amount, approximately $1.12 million is earmarked to advertise the New GI Bill for members of the Selected Reserve.

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[2] Enlistment bonuses initially were authorized in FY 1978 for members of the Selected Reserve. Bonuses were limited to $1,500 and were restricted to recruits who agreed to serve in critical skill areas. In June 1981, the $1,500 statutory limit was raised to $2,000 (the current level). The student loan repayment program, which was part of the comprehensive FY 1981 Educational Assistance Test, permits reduction of the principal amount of certain federal student loans at a rate of 15 percent or $500, whichever is greater, for each year of satisfactory service in the Selected Reserve.

The New GI Bill for the Selected Reserve

The new GI Bill for the Selected Reserve has contributed to the upward trend in the quantity of accessions. While it is too soon to determine the GI Bill's short and long-term effect on recruiting, our data now indicate there has been improvement in recruiting since July 1985. For example, since a reserve recruit must enlist for a six year term in order to qualify for benefits under the GI Bill, we can compare the length of terms of service for new accessions. There were 8,321 more six year enlistments during the fifteen months following enactment of the New GI Bill than were in the comparable period preceding its enactment.

Since the GI Bill program began, we have observed a sharp rise in the number of Selected Reserve participants. Currently, nearly one-third of the eligible members are attending college and using their entitlement. Table 5 depicts the eligible population and participants by component.

TABLE 5

Selected Reserve GI Bill
Enlisted Eligibles and Participants

Reserve Component	Eligibles*	Participants**
DOD	127849	45382
ARNG	67279	19737
USAR	15730	9809
USNR	11121	3925
USMCR	5615	1674
ANG	18064	7177
USAFR	10040	3060

* *As of December 1986.*
** *As of January 1987.*

As of January 1987, more than 46,000 new applications have been processed by the Veterans Administration. Of these, more than 29,000 Selected Reserve members (nearly 69 percent) have applied for full-time benefits -- a relationship that has remained constant since the program began in July 1985.

The influence of the New GI Bill on improving the quality of Selected Reserve recruits is evidenced to some degree by the 5 percent increase (34,500) in high school graduate non-prior service accessions in FY 1986 as compared to FY 1984. I would caution, however, that changes in quality should not be fully attributed to the New GI Bill. During the same period, other actions taken by the Congress and the Department of Defense also contributed to this improvement. For example, recruiting and advertising budgets were increased specifically to target recruiting efforts toward high quality individuals.

We see great potential in continuing the new GI Bill for the Selected Reserve. The program is designed to attract those who have completed High School and are motivated to enroll in a College or University, and those who have accumulated some college course credit but have not yet earned a degree. Nearly 93 percent of the Guard and Reserve enlisted members recruited during FY 1986 have at least a high school diploma or General Education Development (GED) certificate. More than 81,000 enlisted members (8 percent of total enlisted strength) have completed two years of college. Table 6 shows the percentage of those reserve component members who have completed two years of college.

A 1985 RAND analysis of attrition and retention in the Army reserve components concluded that enlistment bonus recipients tend to honor their contracts and serve longer with their component. We believe this behavior also will hold true for New GI Bill recipients. To evaluate the effectiveness of the New GI

Bill, we have asked the Sixth Quadrennial Review of Military Compensation (QRMC) to examine both the short and long-term effects of the entitlement. We look forward to this review and the positive influence it will have on future legislation.

TABLE 6

Enlisted Education Level By Reserve Component
(Those With Two Years College*)

Reserve Component	Two Years College (%)		Enlisted Strength
DOD	81082	(8.3)	972197
ARNG	33232	(8.3)	402628
USAR	19780	(7.8)	253070
USNR	14516	(12.5)	116640
USMCR	816	(2.1)	38123
ANG	5964	(6.0)	99231
USAFR	6774	(10.3)	62505

**Source: DOD 1147/1148 Report, FY 1986 Summary*

Selected Reserve Retention

As I mentioned, Selected Reserve enlisted accessions increased 13 percent between 1980 and 1986, while enlisted end-strength increased 33 percent. The growth in end-strength not brought about by recruiting is due to increased retention. The following chart shows the trend in continuation rates[3] for career enlisted personnel (i.e., personnel with 6 or more years of service) in the Selected Reserve.

Reenlistment bonuses are paid to reservists serving in critical skills. Members receive a $1,250 bonus for a three-year reenlistment contract and $2,500 for a six-year reenlistment contract. These bonuses also are authorized for prior service members who join the Selected Reserve and agree to serve in a critical skill.

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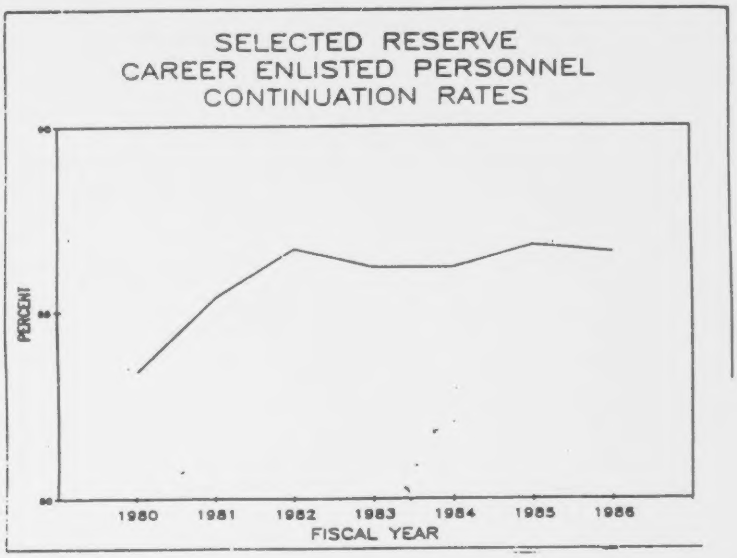
[3] Continuation rates measure the proportion of career personnel in the Selected Reserve at the end of one fiscal year who are still in the Selected Reserve at the end of the next fiscal year. Continuation rates are not reenlistment rates.



Reenlistment bonuses were tested in the Army National Guard and Army Reserve in FY 1978, with an appropriation of $5 million. The language of the Authorization Act specified the amount, form, and timing of the bonus payments, and the eligibility requirements for recipients. The test was significant because it permitted identification and analysis of the effect of reenlistment bonuses on retention.

Using the RAND Corporation's analysis of test data, we concluded that 8 percent of the total Selected Reserve end-strength increase since 1978 (330,000) can be attributed to the introduction and growth of the reenlistment bonus program. RAND's analysis also concluded that reenlistment bonuses encourage longer reenlistment terms and reduce attrition.

Before I leave the issue of retention, I would like to mention briefly one other point. We know the influence of the family on retention and attrition in the National Guard and Reserve is as great as that of the employer. Furthermore, the

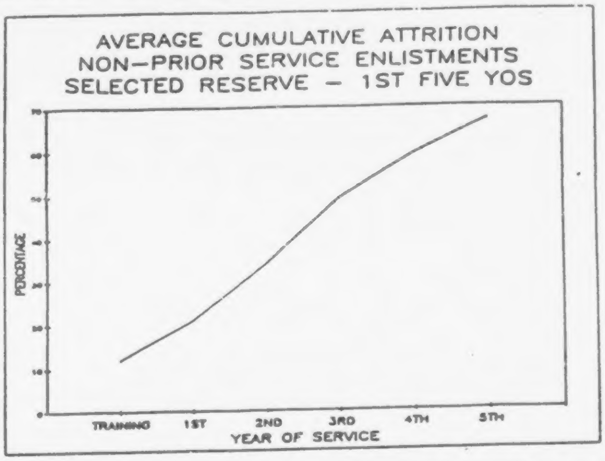
Department of Defense has been assembling data on active duty military families in order to identify policy changes that encourage retention, control attrition, support morale, and increase the overall effectiveness of the active forces. In 1986, we expanded this project to include reserve component families. More than 100,000 members and 60,000 spouses have been surveyed. The survey results are being analyzed. When complete, this analysis should provide information that can be used to determine the kinds of things we can do that will have the most positive effect on family attitudes that influence retention and attrition.

Attrition -- Unprogrammed Losses

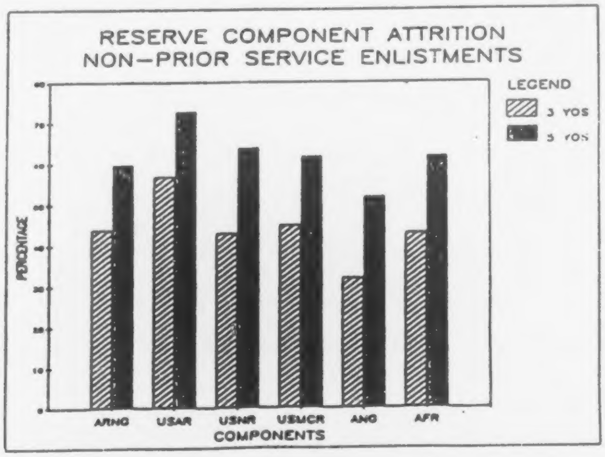
High personnel turnover (which includes both programmed and unprogrammed losses) is a persistent characteristic of the Selected Reserve. Programmed losses (often referred to in terms of retention or reenlistment rates) occur at the end of a term of enlistment, when an individual chooses not to reenlist or is denied reenlistment. Programmed losses are predictable and desirable. They assist us in maintaining desirable age and experience profiles.

Unprogrammed losses (ofter referred to as attrition) occur when members fail to complete their Selected Reserve enlistment contracts. Such losses have been a chronic problem in the Selected Reserve, as approximately one-half of all non-prior service volunteers complete less than three years of the standard six-year enlistment contract. For example, of those who enlisted in 1980, 16 percent did not complete initial training, another six percent dropped out prior to completing one year of service, an additional 14 percent left during their second year, and by the end of three years a total of 49 percent of the group had separated.

In 1986, the loss rate for enlisted members at the three year point of service increased to 53 percent, compared to 51 percent in 1985. It was particularly high for the Army Reserve, increasing to 68 percent from 61 percent in 1985. Average cumulative attrition rates, from 1978 through 1985, are illustrated in the following two charts.



(This chart illustrates average cumulative attrition of members who were non-prior service enlistees in the Selective Reserve from 1978 through 1985. All reserve components are combined. It shows that 12 percent of non-prior service accessions left before completing initial training. 20 percent left before completing one year of service. 50 percent left before completing three years service, and 67 percent never completed five years of service.)



(This chart illustrates reserve component attrition behavior of non-prior service members from 1978 through 1985. Attrition is shown at the completion of three and five years of service for each reserve component.)

Minimizing attrition in the Selected Reserve is one of our biggest challenges. Attrition reduces the effectiveness and readiness of units. It adversely affects training within the unit. It is a loss of the entire investment in training, and results in additional costs to train replacements. The following Table depicts the average cost estimates furnished by each Service for recruiting and training each accession for the reserve components.

TABLE 8

Reserve Components
Average Replacement Costs Per Person
Due to Attrition

	Recruiting	Basic Training	Technical Training	Total
Army Components	$ 2,100	$ 4,879	$ 9,521	$ 16,500
Navy	3,193	3,126	2,401	8,720
Air Components	1,673	4,852	13,660	20,185
Marine Corps	4,000	4,100	4,900	13,000

SUMMARY

The readiness and capability of the reserve components have improved significantly during the past six years. We have met end-strength objectives every year since 1980, and the quality of Selected Reserve recruits has improved steadily. Our 1988 and 1989 budget requests do not include any changes in our strategy. The 1988 request for Selected Reserve recruiting is $39.9 million more than the 1987 program. This includes $29.8 million (6 percent) in real program growth. The remaining $10.1 million is an adjustment for inflation.

RESERVE COMPONENTS RECRUITING RESOURCES
(Current $ in Millions)*

Component	Actual FY 1986	Program FY 1987	President's Budget FY 1988	President's Budget FY 1989
Army National Guard	223.9	237.3	242.1	244.4
Army Reserve	140.1	152.4	162.8	167.7
Naval Reserve	62.9	75.7	88.2	92.3
Marine Corps Reserve	19.8	19.3	18.6	18.4
Air Force Reserve	19.5	25.4	29.5	32.2
Air National Guard	31.9	35.4	38.4	37.5
Joint Advertising	2.0	2.0	7.8	8.0
Reserve Total:	$500.1	$547.5	$587.4	$600.4

* *Numbers may not add due to rounding.*

In summary, Mr. Chairman, we have developed and are maintaining a broad and balanced recruiting and retention program. Since 1981, the full-time recruiter force has been expanded by 30 percent; advertising has increased 80 percent; the funding of enlistment and reenlistment bonuses has been increased by more than 120 percent; the New GI Bill provides up to $140 a month for undergraduate studies; financial assistance is being provided to officers in educational programs in critically short medical specialties; health care benefits have been expanded for reserve component members who are disabled while in training; and the Employer Support volunteer force has been expanded to more than 3,000 members.

With these programs, and with the continued support of this committee, I am confident we will continue to meet our manpower and personnel objectives.

Mr. Chairman, this completes my testimony.

Senator GLENN. General Elton, do you have any comments?

General ELTON. Yes, I do.

STATEMENT OF LT. GEN. ROBERT M. ELTON, USA, DEPUTY CHIEF OF STAFF FOR PERSONNEL

General ELTON. I first want to thank you for those thoughtful comments that you made earlier. From one buckeye to another, they're very much appreciated.

Senator GLENN. I didn't make them just because of that either.

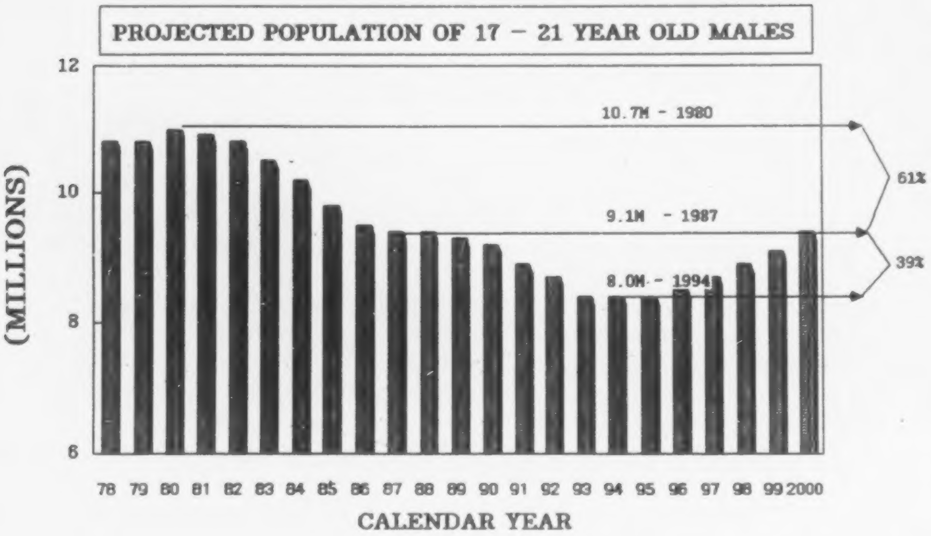
General ELTON. Sir, I do have a statement. I'd appreciate it being included in the record.

Senator GLENN. It will be included.

General ELTON. I would like to make three major points, and I will use some charts if I may to help.

Many of these comments will reinforce what Dr. Armor has already said verbally. And I hope this pictorial will show, because it is all of the services here together, this talks to the demographics and the downturn.

THE SHRINKING MARKET



- 61% OF THE DECLINE IN MALE POPULATION BETWEEN 1980 AND 1994 HAS ALREADY OCCURRED. THE ARMY CONTINUES TO MAKE OBJECTIVES DUE TO ADEQUATE RESOURCING.

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And as Dr. Armor has mentioned, it starts back in 1979 and we have been downturning ever since. We hit a little plateau in the 1986–87 timeframe. But basically, about 60 percent of this demographic downturn has taken place already.

And because of the great support we have gotten from the Congress so far, and all of the services in their planning, and the intense recruiting they've done, they've been able to achieve their records, even with the 60 percent decrease.

And so now our mission through the 1990s is to bridge this gap. And I'd like to talk about it as the gap we must bridge together, to make sure that our quality forces are in fact the kind that best represent the Army, the Navy, the Air Force, and the Marine Corps.

And our problem is one of quality. And we talked to the quality. And all of the services now have quality requirements which they have submitted, and are very happy with, and are achieving.

And so those quality requirements drive how we must dig into this market that is decreasing, and how we bridge this particular gap.

Now the major programs that help us bridge that gap of course are the incentive programs. And the major basic incentive that provides a very solid foundation is the GI bill.

I know that you're going to ask some questions about that later, so I'll just let that stand as a comment.

In the Army's case in particular, the GI bill has proved to be one of its most effective personnel policies. So the GI bill will help us form that foundation, with the hope that that will be put into law.

In addition to the GI bill, we have two very important incentives. One is the Army College Fund which helps us to target very difficult skills. And those are additional dollars for education provided to the very best and brightest in our Nation. This investment is certainly paid back many times to those who get out of the Army, go on to college and use those dollars.

In addition to the Army College Fund, we have an enlistment bonus, which is key to a number of our skills; in addition to that, it requires a 4-year service obligation.

So that draws the time and the manyears out, and helps us to bridge this gap with manyears, which of course is what we're all interested in doing.

In addition to those particular incentives, we have incentives that we are looking at with regard to a 2-year tour. We have a 2-year tour, and we find it to be a very precise and targeted situation for us.

We only recruit from 10,000 to 12,000, but those people are all in the upper mental category, very bright; and we find that their retention rate is even better than we had anticipated.

Senator GLENN. That peaks and it drops to the lowest at 94?

General ELTON. Yes, about 93 and then starts a slow turn back up. There is one thing that happened—two things that actually happened that are significant. In 1984 for the first time in the history of our recruiting, and I believe we have mentioned this in earlier testimony, we began through a number of very intense methods to analyze our marketplace, and we broke away from the unemployment curve.

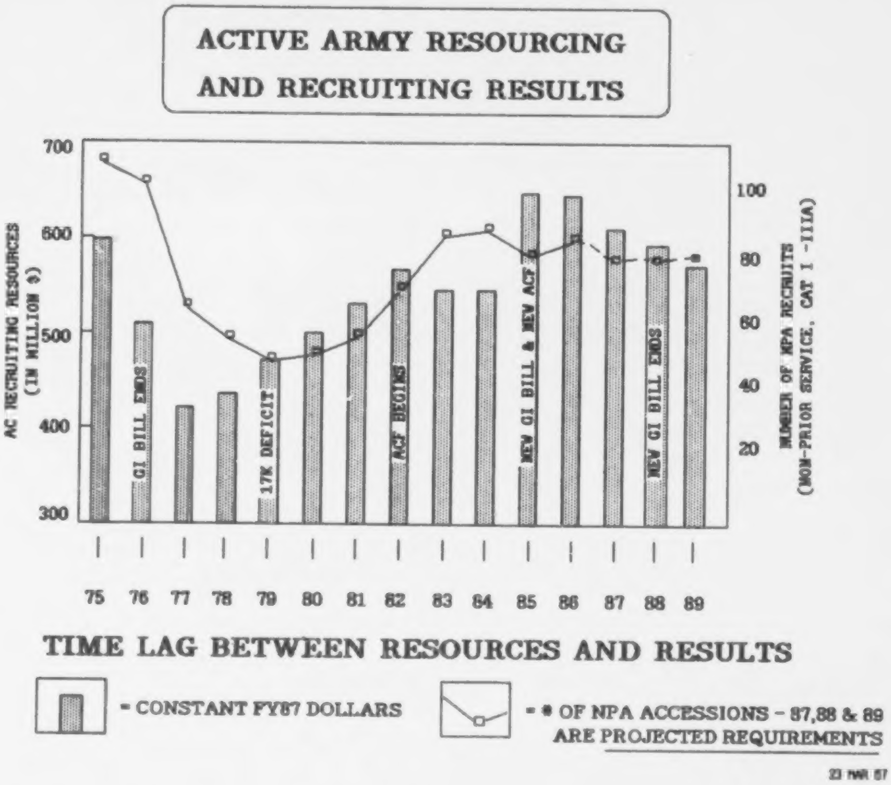
As unemployment began to edge down, the Army contract writing rate broke away and we began to increase, and so from 1984 on our writing of contracts for the quality young men and women that we are seeking began to increase while unemployment continued to move in a parallel mode or to drop down.

We thought that was a very significant indication that the young men and women of America were saying to us, to all the services, "We look to you for the challenge and you are providing that." That challenge is underwritten by those major incentive programs.

The second thing that happened, which was a little discouraging to us, was that in 1986 or late 1985 we were told to break away the enlisted bonus from the Army College Fund. Where we used to be able to provide a very bright young man or woman the incentive of the Army College Fund, and then if they would stay for 4 full years, a bonus as well if they enlisted in a very difficult skill. We are now unable to do that.

So, what we are seeing is a gradual creep. We have lost about 16,000 man-years over the last year. As we watched carefully we have seen a gradual creep of individuals moving, instead of to the 4-year tour which would help us bridge this gap, they are shifting back to 2 or 3 year tours.

Of course that means additional recruiting, additional training, and so we would hope that we could restore those things. This is a story of bridging the gap with the incentive programs, and I am sure the Reserve services are similar in that regard.



ACTIVE ARMY RESOURCING AND RECRUITING RESULTS

TIME LAG BETWEEN RESOURCES AND RESULTS

The next chart is one that tracks the history of recruiting from back in 1975 when we started in the volunteer mode, or just a little bit before that. The bars here represents our resources in constant 1987 dollars in millions. As you can see, the red line talks to the recruiting here of nonprior service, test category I–IIIA.

So, we are talking about the very best and brightest in our quality. Now, what this particular chart shows is the lag effect, and as the resources drop down in the mid 1970s so did sometime later our ability to recruit those individuals, and it took a couple of years of recovering in the late 1970s and early 1980s before we began to be able to turn that around.

Then, as you see here, a gradual increase of resources over the first part of the first half of the 1980s has enabled us to achieve reasonable success, and about in here is where we determined how much quality was enough to fulfill the requirements. We tried to parallel that out.

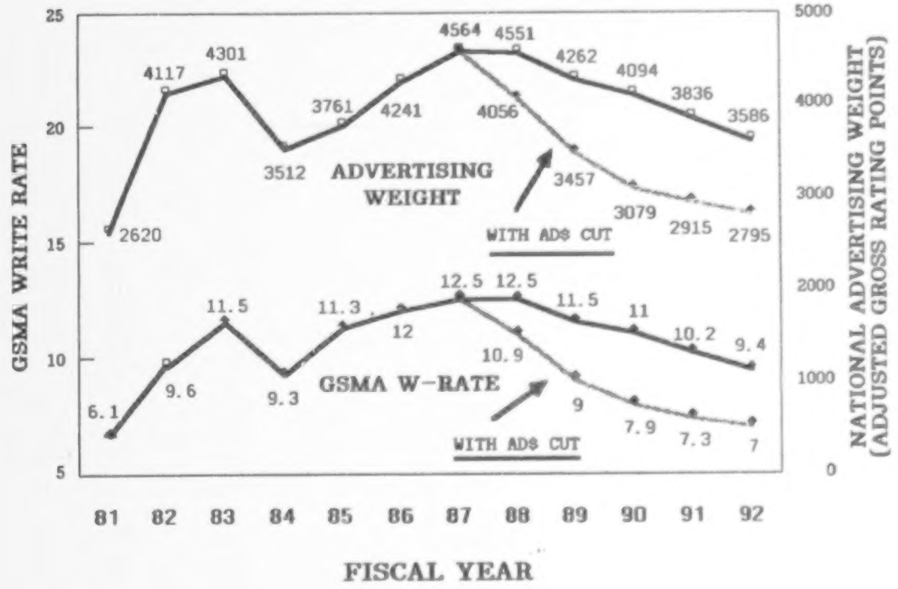
The point I want to make is, as we look at the resources from 1986 on, the resources begin a steady downturn. Again, this is in constant 1987 dollars, and we are concerned with the lag effect here in our recruiting capability, and they follow.

Since this is a projection, it is not actual results, we are concerned that is will begin to tail down at the very time in the 1990s when the demographics are also down, and we think that is not a good idea.

The last item that I want to talk to has to do with advertising. We are very much convinced that the image of all the services as portrayed by their specific advertising—there is no question in my mind that the Army and Air Force are different services. We certainly want to operate together and we are so very much concerned about that, that we even call our doctrine the Air-Land Battle. However, as far as portraying an image, the Air Force has a different image than the Army and Navy, et cetera, so we believe that service-specific advertising is the way to do it.

ACTIVE ARMY COMPARISON

(WRITE RATE AND NATIONAL ADVERTISING WEIGHT)



What we have done here is depicted graphically the advertising weight, which is along this margin, as an indication of reach and frequency or Gross Rating Points as used in the advertising industry. You can see, back in 1981 we started to increase our service-specific advertising and increase those total numbers. And down here, we have plotted the ability of our recruiters to write contracts for graduate senior males, I–IIIA.

Those are the very best and brightest, and this is the writing rate of their contracts. You can see a very definite parallel. As we increased the advertising weight, their ability to write the contracts was increased, and we brought them down here in 1984 and so did the advertising weight drop down.

Now, for 1987 we think we have hit the requirements. We have a reasonable advertising rate. However, we see in the years ahead a cut to these very important resources. Then again back here in the 1990s, at the very time when we need to have the Army and all the services portrayed to the public with the kinds of opportunities that are available, we see that if advertising gets too deeply cut, we may be in very serious trouble.

Thank you very much. I am ready for your questions.

[The statement of Lieutenant General Elton follows:]

PREPARED STATEMENT OF LT. GEN. ROBERT M. ELTON

DEPUTY CHIEF OF STAFF FOR PERSONNEL, U.S. ARMY

THANK YOU, MR. CHAIRMAN. IT IS A PRIVILEGE FOR ME TO APPEAR BEFORE YOU TODAY. IF I MAY, I WOULD LIKE TO BRIEFLY SUMMARIZE MY STATEMENT AND ASK THAT IT, AND SEVERAL KEY SUPPORTING CHARTS, BE PUT INTO THE RECORD.

KEY TO THE ARMY'S PERSONNEL READINESS IS ITS SUCCESS IN RECRUITING AND RETAINING QUALITY PEOPLE, BOTH MILITARY AND CIVILIAN, WHO CAN SUCCESSFULLY PERFORM ACROSS THE SPECTRUM OF CONFLICT AND SUPPORT OUR FORCES IN THE FIELD. WITH THE HELP OF THE CONGRESS, IT IS MY JOB TO INSURE THAT THESE CRITICAL TASKS ARE ACCOMPLISHED.

LET ME BEGIN BY PROVIDING AN OVERVIEW OF THE MAGNITUDE OF THESE TASKS. IN FY 86 THE STRENGTH OF THE TOTAL ARMY, WHICH IS MADE UP OF THE ACTIVE COMPONENT, RESERVE COMPONENT (BOTH U.S. ARMY NATIONAL GUARD AND ARMY RESERVE) AND THE CIVILIAN COMPONENT, WAS JUST UNDER 2 MILLION. WHILE THE ACTIVE ARMY WILL MAINTAIN A CONSTANT END STRENGTH JUST UNDER 781,000 THROUGH FISCAL YEAR 1989, THE RESERVE COMPONENT SELECTED RESERVE END STRENGTH WILL CONTINUE A MODEST GROWTH AND WILL, IN FISCAL YEAR 1988, SURPASS THE ACTIVE COMPONENT END STRENGTH FOR THE FIRST TIME IN OUR PEACETIME HISTORY. IN THE CIVILIAN COMPONENT, WE PROJECT A CONSTANT STRENGTH AT A LEVEL ABOUT 1,000 BELOW THAT OF FY 86. (CHART 1).

EACH YEAR THE ARMY IS FACED WITH THE TREMENDOUS TASK OF RECRUITING OVER 130,000 NEW SOLDIERS TO OFFSET ITS ACTIVE COMPONENT MANPOWER LOSSES ALONE. WHEN RESERVE COMPONENT RECRUITING REQUIREMENTS ARE INCLUDED THE YEARLY TOTAL EXCEEDS 250,000. AS MIGHT BE EXPECTED, THE TASK IS NOT AN EASY ONE AND A KEEN UNDERSTANDING OF THE SUPPLY OF AVAILABLE YOUTH, THE RECRUITING ENVIRONMENT, AND THE USE OF RECRUITING RESOURCES IS MANDATORY. PEOPLE CANNOT BE CONSIDERED A FREE RESOURCE: THE

SUPPLY IS NOT UNLIMITED. THE POOL OF YOUNG MEN AND WOMEN FROM WHICH THE ARMY DRAWS MOST OF ITS RECRUITS IS DECLINING, AND THE ARMY MUST COMPETE WITH THE OTHER SERVICES AND THE CIVILIAN ECONOMY FOR BOTH QUALITY AND QUANTITY. THOROUGH MARKET RESEARCH AND EFFECTIVE ADVERTISING COUPLED WITH INCENTIVES SUCH AS CASH BONUSES AND EDUCATIONAL BENEFITS HAVE CONTRIBUTED SIGNIFICANTLY TO THE ARMY'S RECRUITING SUCCESS OVER THE PAST FEW YEARS.

ARMY MANPOWER
(ENDSTRENGTH)

	FY 86	FY 87	FY 88	FY 89
CIVILIAN	413,000	412,153	411,530	412,308
ACTIVE MIL	780,980	780,800	780,900	780,900
RESERVE MIL *	755,903	772,059	789,200	804,000
ARNG	446,194	452,681	458,800	464,900
USAR	309,709	319,378	330,400	339,100

* INDICATES SELECTED RESERVE

CHART 1

WITH RESPECT TO RETENTION, THE TASK IS NO LESS CHALLENGING. IN REENLISTING OVER 70,000 ACTIVE COMPONENT SOLDIERS EACH YEAR THE KEY IS TO RETAIN THOSE WHO POSSESS LEADERSHIP POTENTIAL IN THE RIGHT SKILLS AND QUANTITIES TO MEET TOMORROW'S NEEDS.

RECENT ARMY SUCCESSES IN BOTH RECRUITING AND RETENTION ARE DIRECTLY ATTRIBUTABLE TO THE PROGRAMS AND RESOURCES WHICH THE CONGRESS HAS PROVIDED AND TO THE USE THE ARMY HAS MADE OF THEM.

FY 86 COULD, BY MOST MEASURES, BE CALLED OUR BEST RECRUITING YEAR EVER. THROUGH AN EXTRAORDINARY EFFORT ON THE PART OF OUR DEDICATED RECRUITERS AND WITH THE INCENTIVES PROVIDED BY THE CONGRESS, THE QUALITY OF OUR FORCE IS BEING MAINTAINED, AND WITH IT, THE LEVEL OF OUR PERSONNEL READINESS. IN FISCAL YEAR 1986, 63% OF OUR RECRUITS FOR THE ACTIVE FORCE WERE IN THE UPPER TEST

SCORE CATEGORIES (TC I-IIIA), WHILE ONLY 4%, THE LOWEST IN ARMY HISTORY, WERE IN THE LOWEST RECRUITABLE CATEGORY (TC IV). NINETY-ONE PERCENT OF THESE NEW RECRUITS WERE HIGH SCHOOL DIPLOMA GRADUATES COMPARED TO ONLY 74% OF THE YOUTH POPULATION. (CHART 2) IN THE RESERVE COMPONENTS WE HAVE ACHIEVED A SIMILAR DISTINCTION - THE QUALITY OF RC ACCESSIONS IN FY 86 WAS THE HIGHEST IT HAS EVER BEEN.

NPS ACCESSIONS BY AFQT CATEGORY

(PERCENT)

AFQT CAT	YOUTH POP	ACTIVE ARMY					ARNG	USAR
		80	82	84	86	87 (GOAL)	86	86
I-IIIA	50	26	53	63	63	63	51	60
IIIB	19	22	28	27	33	27	38	31
IV	21	52	19	10	4	10	11	8
HSDG	74	54	86	91	91	91	87	91

NUMBERS MAY NOT ADD DUE TO ROUNDING

CHART 2

AN UNDERSTANDING OF THE IMPACT OF QUALITY SOLDIERS ON READINESS IS VITAL TO APPRECIATING THE IMPORTANCE OF THESE YOUNG MEN AND WOMEN TO OUR ARMY. QUALITY SOLDIERS HAVE HIGH SCHOOL DIPLOMAS AND AFQT SCORES IN CATEGORIES I-IIIA. AS FIRST-TERM SOLDIERS, THEY ARE EASIER TO TRAIN, LESS PRONE TO INDISCIPLINE, AND MORE LIKELY TO COMPLETE THEIR ENLISTMENTS. AS CAREERISTS, THESE ARE THE SOLDIERS WHO PERFORM BETTER AND ARE MOST LIKELY TO GROW INTO THE INNOVATIVE LEADERS AND TECHNICIANS OF THE ARMY OF THE FUTURE. THE IMPROVEMENT IN RECRUIT QUALITY SINCE 1980, WHEN ONLY ABOUT HALF OF ALL ARMY RECRUITS WERE HIGH SCHOOL DIPLOMA GRADUATES AND ABOUT 52% WERE AFQT CATEGORY IV, HAS RESULTED IN

SIGNIFICANT MANPOWER SAVINGS TO THE ARMY. SINCE TODAY'S QUALITY RECRUITS ARE MORE LIKELY TO COMPLETE THEIR INITIAL ARMY ENLISTMENT THERE ARE FEWER LOSSES TO BE REPLACED THROUGH THE RECRUITING PROCESS. THESE REDUCED LOSSES NUMBER OVER 12,000 ANNUALLY AND REPRESENT A DIVISION OF SOLDIERS STILL SERVING EACH FISCAL YEAR. IN ADDITION TO THE SAVINGS OF OVER $200M EACH YEAR IN RECRUITING AND TRAINING COSTS, MANY MORE YEARS OF EXPERIENCE AND MATURITY REMAIN IN UNIFORM. WITH RESPECT TO TRAINABILITY AND JOB PERFORMANCE, THERE IS NO DOUBT THAT HIGHER QUALITY SOLDIERS PERFORM SUBSTANTIALLY BETTER. THE ARMY HAS CONDUCTED CONSIDERABLE RESEARCH WHICH INDICATES, AS SHOWN IN CHART 3, THAT SMARTER SOLDIERS ARE BETTER SOLDIERS.

QUALITY SOLDIERS PERFORM BETTER

	AFQT TEST CATEGORY		
	I–IIIA	IIIB	IV
• AIR DEFENSE SHORAD GUNNERS SUCCESSFUL ENGAGEMENTS	67%	52%	48%
• ARMOR RATE AT WHICH US CREWS DESTROYED OPPOSING TANKS	7 TO 1		1.5 TO 1
• INFANTRY RATE AT WHICH RIFLEMEN WOULD KILL OPPOSING INFANTRY	2 TO 1	1 TO 1	1 TO 1
• ARMOR MOS 19E, E1 – E4 % PASSING SQT – 1983	94%	92%	79%

CHART 3

THE ARMY, LIKE ITS SISTER SERVICES, IS FACING A CONTINUALLY MORE DIFFICULT RECRUITING ENVIRONMENT. THIS DIFFICULTY IS PROBABLY MORE ACUTELY FELT BY THE ARMY, HOWEVER, BECAUSE OF THE

MAGNITUDE OF THE ARMY RECRUITING REQUIREMENTS AND THE FACT THAT THE ARMY HAS A LARGE NUMBER OF THE LESS ATTRACTIVE JOBS, PRIMARILY COMBAT ARMS JOBS, WHICH MUST BE FILLED ANNUALLY. INDEED THE RECRUITMENT OF QUALITY SOLDIERS INTO THE ACTIVE ARMY AND RESERVE COMPONENTS IS A FRAGILE ENTERPRISE, LIKENED TO A GLASS BALL WHICH IS SUPPORTED BY SEVERAL CRITICAL PROGRAMS.

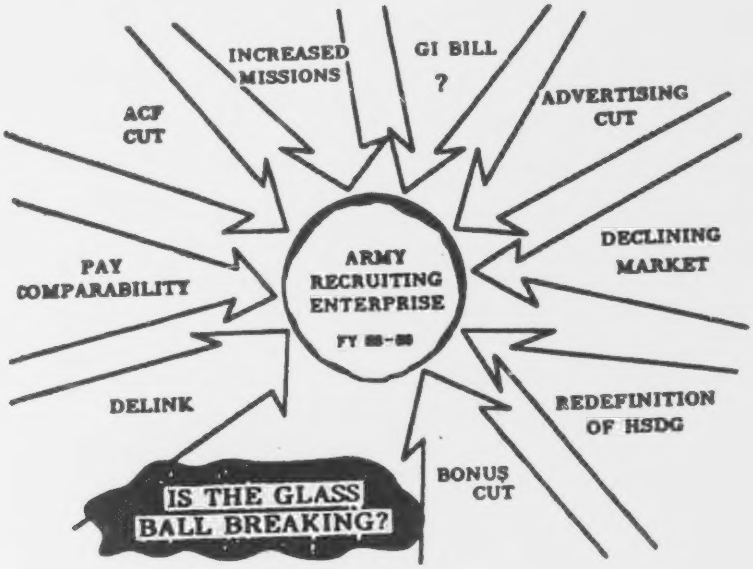

INCREASED MISSIONS
GI BILL ?
ACF CUT
ADVERTISING CUT
ARMY RECRUITING ENTERPRISE
FY
DECLINING MARKET
PAY COMPARABILITY
DELINK
REDEFINITION OF HSDG
BONUS CUT
IS THE GLASS BALL BREAKING?

CHART 4

MAINTAINING THE ARMY'S PERSONNEL READINESS AT ITS CURRENT HIGH LEVELS IN THE FUTURE WILL REQUIRE THE SUSTAINMENT OF THESE PROGRAMS. THE ARMY FEELS STRONGLY THAT OUR SUCCESS WILL CONTINUE ONLY IF THESE PROGRAMS ARE CONTINUED AT CURRENT LEVELS.

THE ARMY EMPLOYS A BROAD RANGE OF MANAGEMENT PROGRAMS, ENLISTMENT OPTIONS, AND INCENTIVES TO ATTRACT NEW RECRUITS AND TO DISTRIBUTE THEM TO THE JOBS IN WHICH THEY ARE NEEDED. IF I MAY I WOULD LIKE TO BRIEFLY DISCUSS THREE OF THESE WHICH WE FEEL ARE ESSENTIAL TO OUR RECRUITING EFFORTS.

WE ARE PLEASED THAT THE CONGRESS IS MOVING TO MAKE THE GI BILL PERMANENT. AS GENERAL WICKHAM HAS STATED, THE GI BILL IS THE MOST IMPORTANT PERSONNEL POLICY WE HAVE TO RECRUIT A QUALITY

ARMY. SEVENTY-SIX PERCENT OF THE ACTIVE ARMY'S RECRUITS ARE NOW PARTICIPATING IN THE NEW GI BILL PROGRAM - A STRONG INDICATION THAT THE PROGRAM IS ATTRACTIVE AS A MEANS OF FUNDING FURTHER EDUCATION. WITH CURRENT MONTHLY ENROLLMENT RATES RUNNING FROM 82 TO 85% WE EXPECT TO EXCEED 80% OVERALL PARTICIPATION IN THE NEAR FUTURE. THIS PROGRAM HAS ALSO BEEN A VERY POSITIVE ADDITION TO THE ARMY NATIONAL GUARD (ARNG) AND ARMY RESERVE (USAR) RECRUITING AND RETENTION PROGRAMS. QUALITY ACCESSIONS AND SIX-YEAR CONTRACTS ARE UP SUBSTANTIALLY. IN THE FIRST FULL YEAR OF THE NEW GI BILL FOR THE RESERVE COMPONENTS, USAR UPPER TEST CATEGORY RECRUITS ARE UP 24%, ARNG HIGH SCHOOL DIPLOMA RECRUITS ARE UP 13% AND USAR SIX-YEAR ENLISTMENTS ARE UP 28%.

TWO EXTREMELY CRUCIAL PROGRAMS TO OUR ACTIVE ARMY RECRUITING SUCCESS ARE THE ENLISTMENT BONUS (EB) PROGRAM AND THE ARMY COLLEGE FUND (ACF) PROGRAM. THESE FINANCIAL INCENTIVES, OFFERED ONLY TO HIGH QUALITY RECRUITS, ARE THE KEY ELEMENTS IN THE EXECUTION OF OUR DUAL-MARKET RECRUITING STRATEGY.

DUAL MARKET STRATEGY

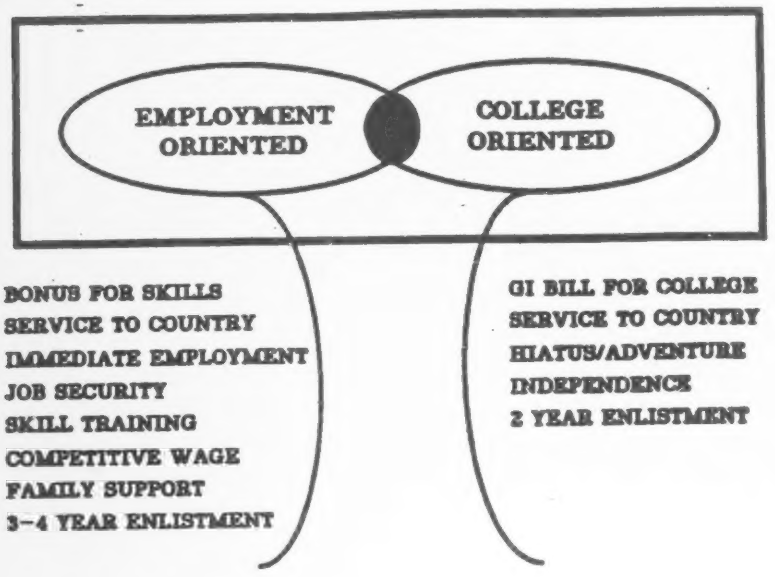

EMPLOYMENT ORIENTED
COLLEGE ORIENTED
BONUS FOR SKILLS
SERVICE TO COUNTRY
IMMEDIATE EMPLOYMENT
JOB SECURITY
SKILL TRAINING
COMPETITIVE WAGE
FAMILY SUPPORT
3-4 YEAR ENLISTMENT
GI BILL FOR COLLEGE
SERVICE TO COUNTRY
HIATUS/ADVENTURE
INDEPENDENCE
2 YEAR ENLISTMENT

CHART 5

THE ARMY BELIEVES THAT THERE ARE TWO MAJOR SUB-MARKETS WITHIN THE QUALITY YOUTH POPULATION. WE BELIEVE THAT AN INDIVIDUAL WHO HAS JUST GRADUATED FROM HIGH SCHOOL WILL EITHER BE EMPLOYMENT ORIENTED OR COLLEGE ORIENTED.

WHILE THE ARMY HAS HISTORICALLY DONE WELL IN THE EMPLOYMENT ORIENTED SEGMENT OF THE MARKET, THE SHRINKING SIZE OF THIS MARKET AND THE INCREASING COMPETITION FROM THE PRIVATE SECTOR OF THE ECONOMY HAVE INCREASED THE NEED FOR APPROPRIATE INCENTIVES TO INSURE CONTINUED SUCCESS. THE ENLISTMENT BONUS PROGRAM APPEALS TO AND ATTRACTS HIGH QUALITY EMPLOYMENT ORIENTED YOUTH AND ALLOWS THE ARMY TO DIRECT THE FLOW OF THESE RECRUITS TOWARD MOS'S THAT ARE IN NEED OF QUALITY FILL. IN FY 86, 23% OF THE FOUR-YEAR, QUALITY ENLISTEES THAT RECEIVED A BONUS INDICATED THAT THEY WOULD NOT HAVE ENLISTED IN THE ARMY WITHOUT IT AND ANOTHER 18% SAID THAT THEY WOULD HAVE ENLISTED IN A DIFFERENT MOS IF NOT FOR THE BONUS.

TO ATTRACT HIGH QUALITY RECRUITS FROM THE COLLEGE ORIENTED SEGMENT OF THE YOUTH MARKET, THE ARMY NEEDS THE ARMY COLLEGE FUND PROGRAM. RESEARCH CONDUCTED BY THE RAND CORPORATION INDICATES THAT A UNIFORM EDUCATION BENEFIT ACROSS ALL SERVICES IS NOT AN INCENTIVE FOR THE ARMY. THE "KICKERS" THAT THE ACF PROVIDES OVER AND ABOVE THE BASIC GI BILL BENEFITS ARE ATTRACTIVE TO YOUNG, COLLEGE-BOUND AMERICANS AND HAVE PERMITTED THE ARMY TO PENETRATE THIS IMPORTANT, HIGH QUALITY SEGMENT OF THE MARKET. LIKE THE ENLISTMENT BONUS, THE ACF HAS BEEN SUCCESSFUL IN ATTRACTING QUALITY YOUTH TO THE ARMY. IN FY 86, 33% OF ACF ENLISTEES INDICATED THAT THEY WOULD NOT HAVE ENLISTED IN THE ARMY WITHOUT THE PROGRAM.

WHILE THE ENLISTMENT BONUS AND ARMY COLLEGE FUND PROGRAMS REMAIN ESSENTIAL TO OUR RECRUITING SUCCESS, I AM CONCERNED ABOUT THE CONGRESSIONALLY MANDATED DELINKING OF THE PROGRAMS. AT ONE TIME A HIGH QUALITY RECRUIT COULD RECEIVE BOTH THE ACF AND THE EB. THE ACF ATTRACTS RECRUITS WITH THE PROMISE OF EDUCATION

BENEFITS AND, BY OFFERING AN ENLISTMENT BONUS TO THE SAME INDIVIDUAL, WE ARE ABLE TO ATTRACT THESE COLLEGE BOUND YOUTHS TO 4-YEAR ENLISTMENTS RATHER THAN THE 2 OR 3-YEAR ENLISTMENTS WHICH THEY MIGHT OTHERWISE CHOOSE. THE ADDITIONAL QUALITY MANYEARS GAINED MORE THAN OFFSET THE BONUS COSTS. IN FACT, OUR RESEARCH HAS SHOWN THAT THE DELINKING OF ACF AND EB COST THE ARMY OVER 16,000 MANYEARS OF ENLISTMENT AND ALMOST $10 MILLION IN FY 86. I FEEL THAT IT IS TIME FOR CONGRESS TO RECONSIDER THIS DECISION WHICH HAS COST US IN TWO VALUABLE RESOURCE AREAS - MANYEARS AND DOLLARS.

IN CONCLUDING MY REMARKS ABOUT THE ARMY'S RECRUITING PROGRAM I AM PLEASED TO HAVE BEEN ABLE TO REPORT THE SUCCESS WE HAVE ACHIEVED OVER THE PAST FEW YEARS AND PARTICULARLY IN FY 86. I AM DISTRESSED HOWEVER TO REPORT THAT BECAUSE OF THAT SUCCESS, PARADOXICALLY, THE VERY INCENTIVE PROGRAMS THAT WE HAVE USED TO FILL CRITICAL, SHORTAGE SKILLS AND INCREASE LENGTH OF ENLISTMENTS APPEAR TO BE AT RISK. BOTH THE ENLISTMENT BONUS AND ARMY COLLEGE FUND PROGRAMS RECEIVED RESOURCE REDUCTIONS DURING THE FY 87 AND FY 88-89 BUDGET PROCESS. BECAUSE OF FY 87 REDUCTIONS TO INCENTIVES PROGRAM WHICH PERMIT US TO ATTRACT NEW RECRUITS TO LESS DESIRABLE JOBS, WE MAY NOT BE COMPLETELY SUCCESSFUL IN ACHIEVING OUR QUALITY DISTRIBUTION GOALS. NEEDLESS TO SAY OUR FY 88 RECRUITING SUCCESS, OR FAILURE, WILL BE DETERMINED BY THE LEVELS OF FUNDING WHICH ARE APPROVED FOR OUR VARIOUS PROGRAMS. THE RECRUITING RESOURCES IN THE FY 88-89 PRESIDENT'S BUDGET ARE AT BEST THE MINIMUM RESOURCES REQUIRED TO ACCOMPLISH THE MISSION. EVEN WITH THESE RESOURCE LEVELS, IT WILL BE A GREAT CHALLENGE TO CONTINUE OUR RECENT RECRUITING SUCCESSES.

JUST AS WITH RECRUITING QUALITY SOLDIERS, THE RETENTION OF THE QUALITY SOLDIERS WE RECRUIT IS VITALLY IMPORTANT IN MAINTAINING PERSONNEL READINESS. THE REENLISTMENT PROGRAM PROVIDES US ONE-THIRD OF OUR ANNUAL ENLISTED MANPOWER REQUIREMENTS. THE IMPORTANCE OF THIS PROGRAM RESTS ON THE FACT THAT IT

FOCUSES ON RETAINING PERFORMANCE-ORIENTED SOLDIERS WHO POSSESS LEADERSHIP POTENTIAL IN THE RIGHT SKILLS AND IN THE QUANTITIES SUFFICIENT TO MEET THE NONCOMMISSIONED OFFICER LEADERSHIP REQUIREMENTS OF TOMORROW'S ARMY.

WHILE THE ARMY'S END STRENGTH HAS REMAINED CONSTANT, AND WILL CONTINUE TO DO SO FOR THE NEXT FEW YEARS, FORCE RESTRUCTURING HAS RESULTED IN AN INCREASED REQUIREMENT OF 9,300 NONCOMMISSIONED OFFICERS BY FISCAL YEAR 1992. WE CAN MEET OUR INCREASED NONCOMMISSIONED OFFICER REQUIREMENTS ONLY IF WE ARE SUCCESSFUL IN RETAINING A HIGHER PROPORTION OF TOP PERFORMING INITIAL TERM SOLDIERS AS WELL AS EXPERIENCED LEADERS.

DURING THE PAST THREE YEARS WE HAVE MET OR EXCEEDED OUR ANNUAL REENLISTMENT OBJECTIVES. THIS HAS IMPACTED POSITIVELY ON READINESS AND ALLOWED US TO BEGIN GROWING THE NUMBERS OF NONCOMMISSIONED OFFICERS WE WILL NEED IN THE FUTURE.

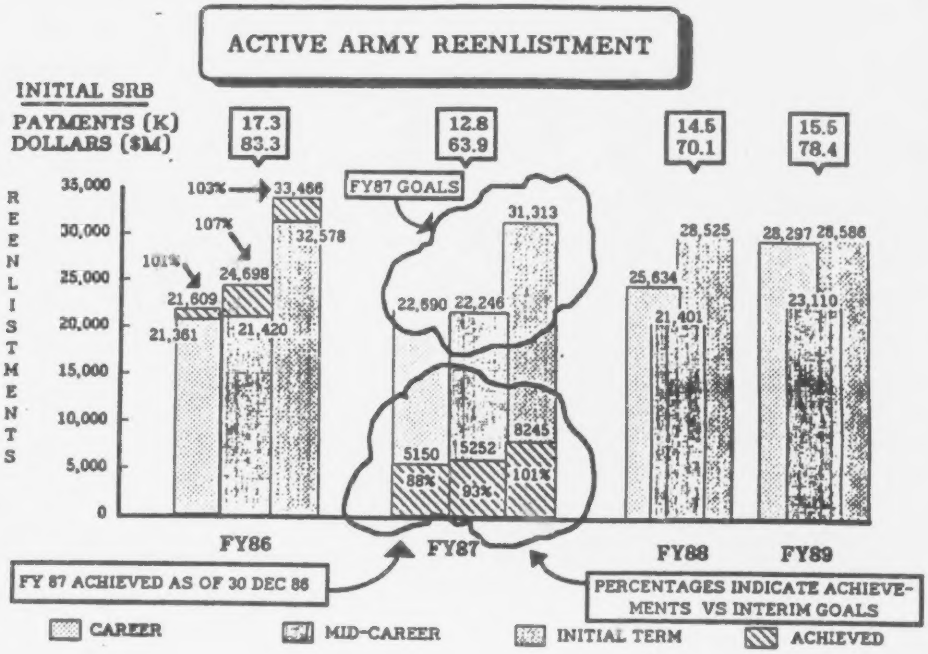


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CHART 6

AS OUR STUDIES CLEARLY INDICATE, SOLDIERS BASE THEIR DECISION TO REMAIN IN THE ARMY ON A MULTITUDE OF FACTORS. FACTORS SUCH AS JOB SATISFACTION, HOUSING, MEDICAL CARE, QUALITY OF LIFE, PAY, PROMOTION POTENTIAL, AND JOB SECURITY ALL PLAY A MAJOR ROLE IN THIS DECISION PROCESS. SOME OF THESE FACTORS ALSO TEND TO AFFECT CAREER SOLDIERS MORE THAN INITIAL TERM SOLDIERS. IN ORDER TO ABSORB BUDGET REDUCTIONS AND IMPLEMENT THE WILL OF CONGRESS WE HAVE MADE POLICY CHANGES AFFECTING TOUR LENGTH, PCS, RETIREMENT, PAY RAISES, SELECTIVE REENLISTMENT BONUSES AND INVOLUNTARY EARLY RELEASE. THESE CHANGES HAVE HAD A NEGATIVE IMPACT ON SOLDIERS IN THE FIELD. THIS, COUPLED WITH UNCERTAINTY AS TO WHAT CHANGES MAY OCCUR IN THE FUTURE, CAN IMPACT ADVERSELY ON SOLDIER RETENTION.

THIS TREND MUST BE REVERSED IF WE ARE TO RETAIN OUR EXPERIENCED PROFESSIONALS AND MEET OUR FUTURE MANPOWER NEEDS. TO ACCOMPLISH THIS WE NEED YOUR HELP TO CONTINUE UNDERWRITING PERSONNEL PROGRAMS WHICH FAVORABLY INFLUENCE SOLDIER'S DECISIONS TO REMAIN IN THE ARMY AND PROVIDE STABILITY AND CONTINUITY TO ALL PERSONNEL PROGRAMS.

IN SPITE OF THE STORM CLOUDS, I AM HAPPY TO REPORT THAT NOT SINCE THE END OF THE VIETNAM WAR HAS OUR PERSONNEL READINESS BEEN AS HIGH AS IT CURRENTLY IS. WE NOW FACE A TREMENDOUS CHALLENGE TO MAINTAIN THAT LEVEL. WE IN THE ARMY WILL BE DILIGENT IN THAT EFFORT AND WE ARE DEEPLY APPRECIATIVE OF YOUR CONTINUED SUPPORT OF THE PROGRAMS WHICH WE CONSIDER ESSENTIAL TO MAINTENANCE OF THE COMBAT READY ARMY THE NATION DESERVES.

Senator GLENN. Admiral Disher, do you have any comments?

STATEMENT OF ADM. JOHN DISHER, USN, DEPUTY CHIEF OF NAVAL PERSONNEL

Admiral DISHER. I would summarize Vice Admiral Carlson's statement. He sends his regrets. He is out of the country.

We are very grateful for the congressional support and see the reflection of that in the current force that we have manning our ships and squadrons. The greater experience level certainly increased readiness from a personnel standpoint as well as morale and esprit de corps.

Navy, unlike some of the other services, delayed some of the growth in this decade awaiting delivery, of course, of our hardware, our ships, which are now delivering. In the period from 1983 to about 1989 we are building a force, increased force, of about 92 ships, some 20 squadrons. About half of those ships will have been delivered by the end of this year so that our force growth is occurring a little bit later in the decade as opposed to the other services.

We experienced, as did the other services, increased retention, and success in recruiting in the early part of the decade. We have seen a little flattening of that occur in the last several years, but we are looking ahead with some optimism because our recruiting command, while working very hard, has been successful. Retention of our senior petty officers, while tailing off, presents a challenge to us.

As you know, for the mid 1990s we must recruit and retain to build a petty officer force that we need to man our force at that time. As a result, recruiting incentives, especially the Sea College Program which is a modest figure of about 3,000 individuals who are recruited into general detail positions aboard ship, we feel will be very effective in raising not only the quality of our general detail but also offering, because they are coming from mental group I and II, the opportunity to assist us in recruiting those personnel, who do not persist in their college objectives, into some of our critical undermanned sea-intensive ratings.

On the retention side, retention incentives, are important. The Selective Reenlistment Bonus we feel is a very cost-effective one that we can target against our sea-intensive ratings and those which are highly technical. SRB is widely used in our nuclear rating. Of course, the bonuses that we have employed to combat our shortfall of naval aviators and nuclear trained officers, both submarine and those surface nuclear officers, have been effective but need, we feel, some attention.

The operating tempo for our forces has remained high and continues to be a challenge for us. We have taken some other forms of action in trying to reduce that operational tempo in recognition that family separation remains the No. 1 dissatisfier on both the enlisted and officer side in our loss of personnel from the service.

We have been sensitive, I think, to the cost of personnel through this decade and look forward to continuing congressional support in our effort to recruit and train those officers and enlisted personnel who are going to man our fleet in the mid-1990s.

Senator GLENN. Thank you. It has been ever thus, the unhappiness with being away from families and so on. Navy and Marine Corps both, I think it has been a particular problem for decades. There is no easy answer to that one, obviously.

General Hickey, briefly, if we could, please.

STATEMENT OF LT. GEN. THOMAS J. HICKEY, USAF, DEPUTY CHIEF OF STAFF FOR PERSONNEL

General HICKEY. Yes, sir. Mr. Chairman, I will be brief. I am pleased to appear on behalf of the Air Force in support of your review of recruiting and retention initiatives.

RECRUITING AND RETENTION INITIATIVES

The areas of initiatives in which the Air Force would urge your, and the committee's, support have to do with the pay increase, 4 percent for the military and 2 percent for civilians which is in the proposed budget for this year, and we think it is particularly critical to help keep from falling further behind our civilian contemporaries in the rest of the United States.

The second area where we see opportunities to do some good for our people would be in the PCS entitlements area, where we still find by our latest surveys that we only reimburse our people about $1 for every $3 that they expend on each move.

The areas, specifically, that we are talking about there are the TLE, the temporary lodging entitlement for E–5's and above which we were able to pay in 1986 but have been precluded from paying in 1987, and we would hope to reinstate that. Also not in the budget but due to you in a report—it is a report on increases in weight allowances for mid-level and senior officers and enlisted personnel.

While that is not in the budget, we hope when that report comes over, the committee would look on that favorably because it would raise some of the weight allowances to what would be more reasonable in today's environment, we believe.

Finally, we would support an increase in the claim limits for personal property claims that are made as a result of losses during moves, and right now that is limited to $25,000 for total loss, and we would like to see that raised to at least $40,000. It has been brought to mind just recently in the damage that was done to a shipload of household goods coming across the Atlantic, just in February of 1987 in which 300 cars were damaged and a whole series of like numbers of people's personal property damaged. In today's age, in the cost of those kinds of things, $25,000 doesn't come near to replacing them, as I am sure you know.

Finally, we would ask your support in eliminating the VHA, the variable housing allowance offset. About 10 percent of our people are impacted by the VHA offset and of that, primarily in our junior enlisted and junior officer grades, it does do a good bit of damage.

For captains who are affected by the offset, essentially the offset takes away over one-half of the pay raise, the 3 percent pay raise, which they got in January of 1987. And for staff sergeants and below, E-5's and below who are affected by the offset, it effectively wipes out the total pay raise that they got in January.

By law, I believe out-of-pocket absorption is predicated on a military member absorbing about 15 percent of the national median housing cost, and with caps on both BAQ and freezes on VHA, the absorption rate now is up at about 20 percent so we would support your help in relieving that as well as wiping away the VHA offset.

We too are proud of what we have accomplished in building a professional military force and we thank you and this particular committee for providing us the wherewithal to do that, and we hope for your continued support.

Senator GLENN. Thank you.

General Cheatham.

STATEMENT OF LT. GEN. E.C. CHEATHAM, USMC, DEPUTY CHIEF OF STAFF FOR MANPOWER

General CHEATHAM. I will try to make it quick. The Marine Corps is still much more interested in quality than quantity. Your assistance in keeping the quality force that we have right now is the most important thing that this committee and Congress can do. I would emphasize pay, the GI bill, and the continued ability to use the tools that you have given us, such as enlisted bonuses, PCS, and selective reenlistment bonuses as critical to being able to recruit and retain the quality forces. I think we are doing a good job, but we really need your continued help, sir.

Thank you.

Senator GLENN. Thank you, gentlemen, very much. We will proceed under the 10 minute rule, and the early bird rule.

Senator Shelby, do you have any opening remarks?

Senator SHELBY. I have no opening remarks.

Senator GLENN. Senator Exon.

Senator EXON. Just this opening remark, Mr. Chairman. I appreciate very much your being here, gentlemen. Our men and women serving in the military are a tremendously important asset. I think this subcommittee has indicated previously how much we generally agree with you on what we have to do to keep this asset strong.

General Cheatham, I was very interested in your comment that the Marine Corps is interested in quality and not quantity. That has been a hallmark of the Marines for a long time. It is also, I think, very much stressed in the other services.

I would just like to say that we are under an extreme budget crunch this time and we are trying to fit all of these demands for manpower and incentives to keep it where it is, while still supporting existing weapons systems and developing new weapons systems.

I just want to tell you that from time to time we may be coming to you with questions during these deliberations with regard to how we are going to fit all of this into an extremely tight budget straightjacket. And so, we may want some help from time to time.

I think it is not in the interests of national security to make any significant reductions in any of our end strengths. I see no real support for such reductions to that on this committee or in the Senate as a whole.

I would say, though, that if there is going to be a general belt-tightening, and it may be necessary given the budget that I think we are likely to receive, that we may have to come back to you and say, "Well, what can we do, gentlemen, to maintain the proper strength now; where can we make some savings to protect manpower if possible."

I guess there is nothing that cannot be more efficient than it is now, including the United States Marines. I am not sure the General would agree with that, but efficiency is extremely important and we are all going to have to work together within the budget.

So, I thank you for being here this morning and I thank the chairman for holding this hearing because it is tremendously important. I thank the Chair.

PERMANENT CHANGE OF STATION (PCS)

Senator GLENN. Thank you very much, Senator Exon. Just a couple of comments before I go to direct questioning on this. PCS, someone mentioned raising that. We went into some figures last year on what civil servants in our country get as opposed to what the military gets on transfer, and it was quite a shocker to me because we found that if we gave our military the same benefits on transfer that the civil service people get in our country, it would add, to our transfer bill, somewhere in the neighborhood of $6 to $8 billion a year for the military.

We are going to look into that more, and we also want to do some more studying in that area. I do not think the military should be second class citizens. On the other hand I am not about to propose at this point, we spend $8 billion to add to PCS money for transfer.

I having had a little experience with transfer myself, there never was a transfer where I did not lose a considerable amount of money. Everybody does the same thing today, I am sure.

Also, I was a little shocked, in some of our briefings for this morning's hearing, to also find out that our PCS tenure has been apparently going down. Rather the permanent station transfer has been going down. We are averaging something like 18 to 20 months duty at a station for some of the services.

I wonder if this does not get into the area of personnel management, perhaps, that do we need all those transfers? There used to be a 2-year standard. Then it went to 3-year standard transfer. Now we are apparently going back down. We are about 18 months now, so we have to look into that also. So, that is another area.

PAY RAISE

The pay raise you mentioned, I have been committed to a 4 percent pay raise. I think that is fair. I do not know whether we will be able to hold it this year. We have already seen some press reports; the long knives are out to at least cut it to 3 and maybe less than that. I personally am committed to 4. Whether we can hold that, or not, I really do not know at this point.

RECRUITING

The recruiting comment, General Elton, referring to a service specific program versus DOD, we want to get into that a little bit later here, but your comments on that are interesting. I think we see a recruiting bill of about $2 billion per year.

That is a lot of money. I wonder whether if some of that was applied to direct benefits as opposed to recruiting it might do the job in a more expeditious way and benefit the people involved more than spending it on advertising and so on. We can get into that a little bit later also.

I already indicated my concern about the socioeconomic spread on our recruiting and whether we are going to have to go to national service or not. I would be interested in your further comments on that in a little while.

One other comment, too, I was little shocked a few days ago when I ran into a figure and I have not checked this out yet, but we are now taking great pride in the fact that we are attracting people that are high school graduates and that is fine, but I would be interested in hearing some of your comments about whether a high school diploma now really qualifies people as much for military service as it did some years ago.

What I ran into was this, and as I mentioned I have not checked this figure out yet, but it appears that only 36 percent of the high schools in the United States have a physics course. I do not know whether that is correct or not. If it is, to me it is a downright shocking figure if it means we are getting through high school these days with basket weaving and football and as opposed to the tough, hard physical sciences that make a person more useful in the military.

Then, maybe a high school diploma is not quite the criterion that it used to be as far as satisfactory military service. That is just a thought, and we may want to get into that further. I wanted to throw these issues out so you could be thinking about them here as we get into our questioning later.

GI BILL

I did want to start this morning on the subject of the GI bill. In 1984 we introduced the Citizen Soldier GI bill as an amendment to the Defense authorization bill for fiscal 1985.

Along with Congressman Sonny Montgomery, we worked very closely in conference to assure that we came out with a balanced benefit, to see how it would help the services recruit quality personnel. Aside from recruiting benefits there are other intangible benefits.

I am a very strong supporter of improved educational opportunities and I thought that one of the things that was the worst about this administration was the cutback in educational opportunities in some areas. I think we make a big mistake—I think this country became what it is largely because of education and basic research.

So, I hate to see us cut back in educational opportunities. That is one reason that I thought the GI bill was so good. But the purpose is to get in the record the results of what our experience has been to date with the GI bill.

Dr. Armor, the current form of the GI bill was authorized on a test basis for 3 years effective July 1, 1985 as a recruiting tool for our Active and Reserve Forces. What can you tell us at this point? What empirical evidence do you have on the effectiveness of the program and improvements in the quality of recruits in the Active Force?

Dr. ARMOR. The best number that our staff has been able to come up with is about a 6 percent increase in quality recruiting, mostly in the Army. The impact of the benefit as we have done our own analysis is primarily Army.

That is not surprising, because I think that is probably where the recruiting resources have had the greatest impact in the past 5 years or so. So, we do believe that the GI bill had a recruiting impact and we think 6 percent is significant.

I want to emphasize that it is hard to sort out the specific impacts of the different kinds of things we have been doing for the past several years. We do know, though, that educational benefits has been a key to the improved quality recruiting.

We can argue about the specifics, but there is no question, I think, in terms of either all of us at this table or any of the analysts out there, that the educational benefits that the services have offered has been one of the keys to the success of the volunteer force.

Senator GLENN. Has it been worth the cost?

Dr. ARMOR. I think if we have any arguments and discussions, it comes into the nature of how you spend the educational benefit. Now, before the GI bill test, of course, the services I think wisely targeted the educational benefits to those kinds of recruits that they were having the most difficulty recruiting and of course that was the higher quality.

In the GI bill, of course, those benefits are being offered across the board. And I am perhaps anticipating your question. That is one reason we suggested or have recommended in our proposal, to take it over, that we reconfigure those benefits to more directly target the things that we need in the recruiting environment.

Senator GLENN. Mr. Shaw, how about the Reserve Forces?

Mr. SHAW. Well, as far as quality goes, and notwithstanding your comment on the value of a high school diploma these days, we have compared the number of high school graduates we recruited in 1984 before the enactment of the new GI bill for the selected reserve and the number we recruited in 1986. The difference was an increase of 34,500 high school graduates between those 2 years.

So, I think we can conclude from that, that the GI bill is having an impact for the selected reserve on the number of high school graduates, which is a quality indicator for that segment of our force.

Senator GLENN. As you are both aware, the House has passed a bill that would make the GI bill permanent in its current form, and similar action is pending in the Senate. At the same time the defense authorization request for fiscal years 1988 and 1989 contains an initiative to also make the GI bill permanent but shifts the responsibility for funding the basic benefit from the VA to Defense Department, and to change the structure of the program.

Dr. Armor, on what basis does the Department of Defense advocate making the GI bill permanent?

Dr. **Armor**. On the basis that we believe the GI bill is—as an educational benefit can be structured properly to be a recruiting incentive.

Senator **Glenn**. What would be the cost to DOD if we transferred funding from VA to DOD?

Dr. **Armor**. If we transferred the funding from VA to DOD, the additional costs in the out years would be about $1 billion a year.

Senator **Glenn**. Would DOD support funding of the basic benefit on an accrual basis, and what would be the figures for fiscal years 1988 and 1989?

Dr. **Armor**. Well, fiscal years 1988 and 1989 would be substantially less than that, of course, because much of that has already been budgeted. But I believe the figures are about $70 million in 1988 and $276 million in 1989. What happens, of course, is that the accrual gets higher in the out years so we cannot look at the 1988 figures as——

Senator **Glenn**. Does the Department of Defense favor the GI bill being made permanent if the costs are transferred to them?

Dr. **Armor**. And if it is restructured. We spoke to the GI bill, but what we are saying is that to make a cost-effective recruiting tool it has to look something like our other educational benefits and that is where the restructing issue comes in.

RESTRUCTURING THE GI BILL PROGRAM

Senator **Glenn**. How would you propose to restructure the program? Can you describe the restructuring, what you advocate?

Dr. **Armor**. Yes. At the present time a benefit of about $9,000 is offered for 2-year enlistments and a benefit of $10,800 is offered for a 3-year enlistment or greater. That is a very substantial benefit.

Our restructuring proposes a scale of $2,400 for the 2-year enlistment, up to the full $10,800 for a 6-year enlistment. So basically, what we are saying to justify it as a DOD program with recruiting effects, we would have to spend that money in a different way and put more benefits for longer enlistments.

We think that is the kind of thing that will help get us past that dip in the recruiting environment that General Elton mentioned. So basically, it is a restructuring to encourage longer enlistment terms.

Senator **Glenn**. General Elton, is that going to wreck your recruiting efforts, if we went $2,000 and $10,000 instead of $9,000 and $10,000—like Dr. Armor said, instead of $9,000 for 2 years, go to $2,000 for 2 years and then go to $10,000 for a 6-year enlistment instead of 3-year?

General **Elton**. I think that we would run the risk of losing a significant portion of those young men and women who are attracted by the size of that stipend as it is, and these are generally mental category I's and II's.

Senator **Glenn**. Dr. Armor, are your figures based on any studies, or are these just sort of off the top of somebody's head that this would be a nice way to do it?

Dr. **Armor**. Well, I think it is based upon studies in the sense that we have researched our educational benefits for many years and all of our benefits have always pursued the philosophy that we should offer benefits and incentives to those recruits that we have a hard time getting without them.

We can get all the Category IV's we want and nongraduates as we did in the 1970s, but we need to offer—in this case since the benefit itself was offered to all persons regardless of skills, the one thing that we think can make it more cost effective is to use it to encourage longer terms of enlistment.

We know that because of our success overall that that targeting kind of approach has worked. I mean, it has for 6 years.

Senator **Glenn**. What I was referring to was that, do we have any real studies such as polling of recruits, or people getting out or such, that show that going from $9,000 for 2 years like you said it is now and cutting it back to only $2,000 for 2 years—that is a pretty big chop.

I am wondering if that is going to have the same attractiveness—obviously it would be a reduced attractiveness. What I am trying to do is tailor the dollars to get the job done with the least expenditure, obviously. The only way you are going to get the job done if you cut from $9,000 to $2,000, the $10,000, or rather going on $10,000 for a 3-year to 6-year requirement is a little different than going from $9,000 down to $2,000 for a 2-year requirement. That is a pretty big whack.

Dr. **Armor**. I think even the Army would agree that they would prefer not to have 2-year enlistments because the problem is that with too many—I think there is only about 16,000 in the last year or so. The problem with 2-year enlistments is, they drive up your training costs. They do not get very much for those dollars you are spending, not only on the benefit but on the training cost.

So, I think as a general policy that we do not want to rely heavily on 2-year enlistments to meet our recruiting goals.

Senator **Glenn**. I have had a question about whether or not we want to really make the GI bill permanent in its present form right now. With the limited experience we have had with it, we have got about, 18 months, 20 months now?

Dr. **Armor**. Approximately.

Senator **Glenn**. Since it went into effect and a couple of months to get it fired up and going, I guess. So, we really have had only about 17 or 18 months experience with it which is not a very long track record.

We have really only been through one high school graduation season, in effect, since this went into action. Now, we assume it has had a good impact, and I question whether we should make it permanent now or whether we should be extending it for another 3 years, get a little better basis of information before we made a decision.

There is a big push from the people over in the House, and I understand it and I am very sympathetic with it, to go ahead and make this permanent right now, it is good for the country, and I am supportive of that view to some extent also.

But I am also questioning the dollars expended, whether we want to lock them in right now. Do you think it would be appropriate to extend the GI bill in its current form for a period of time so we can analyze the results, or do you think we have enough information, we are ready to go with it, make it permanent?

Dr. ARMOR. I think we are ready to make it permanent.

Senator GLENN. Mr. Shaw.

Mr. SHAW. I would agree with that.

General ELTON. Absolutely, sir. We would like to see it permanent.

Senator GLENN. Admiral Disher.

Admiral DISHER. Yes, sir.

General HICKEY. The Air Force thinks it is worth making permanent.

General CHEATHAM. Yes, sir.

Senator GLENN. Does anyone else have any comment on this DOD proposal now to cut back from $9,000 for 2 years to $2,000 for 2 years? Is that going to affect you drastically, General Cheatham?

General CHEATHAM. Well, I guess I am giving an opinion.

Senator GLENN. That is all we are here for. We are in a never-never land now because we do not have enough of a track record to really know. Your opinion is what I would really appreciate.

General CHEATHAM. I like the way it is written right now. I like it also being managed by the Veterans' Administration. If we want to target certain people, let us say the mental group I's or the mental group II's, or specific skills then that is why we have enlistment bonuses. I think there is much more to the GI bill, than the fact that it is a recruiting tool. I think it is an adjustment program for a young man who comes into the service and then gets back out. It is a social program as well as anything else. It helps the young man.

Senator GLENN. My time is up. Just across the board here, a brief yes or no answer. If you had to pay the full cost of the GI bill out of your own particular service budget, would you continue to use it?

General Cheatham, that is a loaded question.

General CHEATHAM. We would manage with great difficulty. It is a good tool, but we like it where it is. If it comes back to OSD I know I would have to fund it and it would be at the expense of other needed programs.

Senator GLENN. General Hickey.

General HICKEY. It would be problematic in the Air Force whether we would or not, to be very truthful, sir. We have enough other problems that it would be difficult for us to do.

We would like to do it and we think it is worthwhile, but we also think that it has a social value and a readjustment, and we do not think we ought to be put in a position of trading force structure for it.

Senator GLENN. Admiral.

Admiral DISHER. Very similar to what General Hickey said, Mr. Chairman. We like the program but absorbing it would be tough.

Senator GLENN. So you would have to eat the cost.

General Elton.

General ELTON. Sir, our Secretary has gone on record saying that if the Army were given the bill for the Army, the Army would pay it.

Senator GLENN. OK. How about coming back to DOD from VA? Would the Department of Defense be willing to accept the cost if we have to bring it back out of the Veterans' Administration?

Dr. ARMOR. On the condition that we could restructure it to make it a cost-effective benefit.

Senator GLENN. Going to the $9,000 to $2,000 and $10,000 with a longer period of requirement?

Dr. ARMOR. Yes.

Senator GLENN. Mr. Shaw.

Mr. SHAW. Restructuring does not affect the Reserve components, it will not be restructured. Right now the benefit is $140 a month, and that is not planned to be restructured.

Dr. ARMOR. The DOD now pays the Reserve GI bill, and that is not an issue here.

Senator GLENN. Thank you.

Senator Wilson.

Senator WILSON. Thank you, Mr. Chairman. I thought your line of questioning, particularly the last question, was fascinating. I did not quite hear unanimity because the Army broke ranks, but it sounded to me like everyone else was saying that they love parties as long as someone else is paying for them.

Senator GLENN. To some extent.

Senator WILSON. Let me ask this question. How can the administration recommend that this test program become permanent just 1 year after seeking its repeal, and before they have got any—and I repeat any empirical evidence about what the program's effect is on retention?

Dr. ARMOR. Sir, I am not sure we need, you know, 5 or 10 years of study. We have been giving educational benefits in the services for a long time now. A lot of very extensive research has been done on the general issue of educational benefits.

So, I think that is really not a question. We know that educational benefits can be extremely effective, especially in recruiting the high quality and that is the group that we have to target.

So, I do not think that we need more research to know that it is a good idea to give educational incentives to young people. If we do not, they can get a Pell grant, if they have that kind of ability, and go to college.

So, in some sense I think we are competing with the rest of the world and the private sector for these youngsters with above average ability. Now, if there is a question of research, it is a question of how to structure it, and we are a little concerned about the current program, quite a bit concerned that such large benefits are given to 2-year enlistments because all of us want to—and we all know the problems of 2-year enlistments. It is well known, including the Army.

We want to structure our benefits whether it is bonuses, educational benefits or what have you, to encourage longer terms of enlistments. Since we cannot target the GI bill for quality, and we do have the Sea College in the Navy and we have the Army College Fund which does target the above average recruits, we think that the GI bill has a benefit but it ought to be used to improve our term of enlistment.

Senator GLENN. It absolutely hurts retention, though, does it not, because with the GI bill, after people get in, they want to get their benefits and get out.

Senator WILSON. That is exactly the point I was going to ask you about next, and also, even though you are talking about bringing down the 2-year enlistment benefit from $9,000 to $2,000, I am concerned really with, have you been able to cost this entire program.

Isn't it really true that you do not have a good handle on the costs and specifically, tell me how you reconcile the fact that I assume from your last answer, Dr. Armor, that what you are doing is looking to existing experience with regard to utilization and that is predicated—your cost estimates are predicated on the experience, the utilization experience.

Yet, I agree with the chairman. It seems to me, the fact that we are now going to be recruiting more than 90 percent high school graduates is going to dramatically increase the rate of utilization and therefore dramatically increase your cost level above any experience in earlier programs.

Dr. ARMOR. If I could answer this way, that is one of the reasons we want to restructure.

Senator WILSON. I understand that.

Dr. ARMOR. If we are going to pay for that, I think I can say this, though. We have a 50 percent, roughly, first term reenlistment rate. We do not need to have all of our first-termers reenlist.

We have been giving educational benefits in some cases even more substantial, like the Army Kicker Fund, for many years, and it is just an empirical fact. We do not lose everybody that signs up for an educational benefit.

We have been able to maintain our first term reenlistment rates with some very minor downtrends in the last couple of years, even though we have had very, very hefty educational benefits for at least 5 years. So, I think that ties back to my comment that the GI bill, while there is a structuring issue for us, the concept that we can offer education benefits and maintain our reenlistment rates has been tested and proven, I think for a number of years.

Senator WILSON. Let me ask whether or not the Department would support making permanent the bill, if you could not so restructure it.

Dr. ARMOR. If we pay for it? Well, we would object to paying for it if we could not structure it. I am not sure I have answered your question.

Senator WILSON. Yes, I think you have. That is the question. Because I think what you have got to foresee is that there will be consistent efforts over time to take your starting point for that restructured benefit and raise it.

You will then be the proud, happy recipient of the responsibility for funding.

Dr. ARMOR. I think that is a good point, but I guess the best I can say is that if DOD has to pay for something, we want some ability to control it. We did not have a play in the way the GI bill was structured in the test, and we did not pay for it.

If we are going to pay for it, like any other resource we have to configure it in the most cost-effective way. That is the philosophy, I think, throughout the past 6 years, in rebuilding the volunteer force. We need the ability to structure programs that will meet the needs, and that is for high quality recruits.

If someone else wants to have a program, that is fine. But if we are going to have the responsibility to pay for it, we need the ability to control it like we do all our resources.

Senator **Wilson**. What I am suggesting is that you are going to get a lot of help, a lot of helping hands suggesting that what you are doing is fine but it is just not quite enough. I mean, it is almost inevitable, the fact that your costs are going to grow.

Educational costs have not diminished over the past 20 years. I think we can take judicial and legislative notice of that. When will the Department first be able to provide any empirical data on utilization?

Dr. **Armor**. I believe that we—our data show now that there is about a 65 percent sign-up rate. Some of the services may have more specific information, but that is across the Department.

There are variations. The Army has about a 76 participation rate. The Air Force——

Senator **Wilson**. Excuse me. Aren't those rates that you are talking about now, Dr. Armor, aren't those sign-up rates?

Dr. **Armor**. Yes.

Senator **Wilson**. OK. What I am interested in is the actual utilization. Now, the sign-up rate presumably—well, maybe not. I was going to presume it would be a little larger than——

Dr. **Armor**. We have historical rates. First of all, you are probably not going to get a lot of utilization from those that get the benefit from the lower aptitude levels. We still have a substantial number of Category IV and Category III-B's that are below the 50th percentile.

Many of those persons will not use the benefit, will not go to college after they leave the service. I do not think there is any reason to expect a very different utilization rate than we have already experienced with the educational programs that we have had, and that is what we are using for our assumptions.

Our actuarial group, which has been doing this for all this retirement and educational benefits and what have you, is calculating a steady state cost overall of about $5 to $6 hundred million, and I think that is a pretty reliable number based upon the utilization rates that we have at the present time with our existing educational programs.

Mr. **Shaw**. On the reserve side, I think we are going to see an increase in use rate. About 130,000 people, to date, are eligible for participation in the Selected Reserve new GI bill, and the actual use rate is somewhere around the 30 percent mark.

About 45,000 people, or 46,000 people, are in school pursuing a degree under the New GI bill for the Selective Reserve. I would like to go back to the comment you made earlier on the Reserve component side of the House. People must enlist in the Selected Reserve for 6 years in order to participate in the GI bill program.

We have noted that our 6-year enlistments have gone up 8,300 in the first 15 months after enactment of the new GI bill. Also, once an individual leaves the Reserve components, the Selected Reserve, eligibility terminates under the current bill.

So, we do not have the same problems you were talking about earlier in terms of the individual coming in, taking advantage of the GI bill, and then leaving the service. So, I do not think there is that kind of a disincentive operating in the Selective Reserve.

But, I think you are quite right, we are going to see in the Reserve components, over the next couple of years, an increase in the use rate.

General ELTON. Senator Wilson, may I add a comment to that, to what has transpired? We do have some data with regard to recruiting which I will be happy to include for the record based on the last year of the VEAP and the first year of the GI bill.

[The information follows:]

COMPARING VEAP AND THE GI BILL

There has been a significant increase in quality recruiting in both the Active and Reserve components since the introduction of the new GI bill. A comparison of the first 12 months of the GI bill (July 1985 through June 1986) and the last 12 months of VEAP (July 1984–June 1985) reveals several improvements.

In the Active component, there was a 19 percent increase in AFQT I–IIIA contracts and a 14 percent increase in male, high school diploma graduate, AFQT I–IIIA contracts. When controlling for other influences on recruiting such as number of recruiters, the quality male mission, population, unemployment, etc., the isolated effect of the GI bill was estimated using econometric techniques. The coefficient of the variable measuring the effect of the New GI bill was highly significant and indicated a 9.7 percent increase in quality male contracts as the sole result of implementing the New GI bill.

The results in the Reserve components have been dramatic. In the USAR, AFQT I–IIIA recruits increased 24 percent and 6-year enlistments increased 28 percent. High school diploma graduates increased 9 percent in the USAR and 13 percent in the Army National Guard.

General ELTON. We also must remember the chart that I put up which talked about the gap, the gap that goes from present time through the end of the 1990s and how to bridge that gap with quality. And all of us are in the business of recruiting quality youngsters.

There is no question in anybody's mind that the educational incentive is what quality young Americans are seeking. The GI bill itself is certainly the foundation of those desires and those dreams.

Now, the one thing I want to add with regard to what Dennis has said, Mr. Shaw, is that the 2-year tour, the 3-year tour, is just the active duty part of the total mandatory service obligation. We now sign up for 8 full years, and so a soldier who comes in for only 2 in the Actives spends 6 years in the Reserve component and as Dennis has mentioned, in order to make sure those dollars are utilized wisely, we are trying to transition them into a unit.

That is a long time for the commitment, and it is an intense incentive to get the quality youngster and then have them move into the Reserve component, therefore making that a quality force. And so, we need to look at both sides of the total Army, especially since we have growth in our Reserve component.

Senator WILSON. That leads to what is perhaps the central question I have about this proposal to make permanent the GI bill, although restructured and with DOD footing the bill. The question I have is, why is the administration so eager to make it permanent now? It seems to me that there are any number of assumptions which are probably reasonable and certainly the goals expressed are reasonable.

The goal just expressed by General Elton is highly desirable and I would like to think that it would work in that fashion. But there are a number of questions I have. One of them, for example, is we pay pretty handsomely trying to provide an incentive for recruiting these young men and women and then we offer them a substantial educational benefit.

Then at the end of their enlistment we are really kind of fighting ourselves in terms of having to offer a very substantial reenlistment bonus. Now it is going to perhaps have to be even more substantial to keep them from taking advantage of that educational benefit that we are providing.

What would happen if, instead of making this permanent now, DOD were simply to engage in a test program for 3 years?

Dr. ARMOR. What form of a program, sir?

Senator WILSON. Just the kind of thing that you are talking about, but sunsetting it in 3 years so that Congress could reexamine it, so that the Department could reexamine it.

Dr. ARMOR. VA funding or DOD funding?

Senator WILSON. No, your proposal but 3 years. You may thank me.

Dr. ARMOR. We would prefer it be permanent, but I think that was not forthcoming. As long as we could structure it, 3 years is better than nothing.

General HICKEY. Mr. Chairman, I would just say that the reason we would like to see it permanent is that we are looking for some stability in the system, in the total system. We are probably in the most unstable times for our personnel that we have ever been in terms of the total compensation package.

All kinds of various entitlements have been laid on, paid for 17 days and then disallowed by one or the other of the committees over here, and we have a great deal of uncertainty and instability in the whole enlisted and officer force. This is an issue which, within the Air Force experience at least, is about six times as popular as the old VEAP program was.

So, we know that it is working and that it is popular with our people, and we would like to put this one to bed and say, OK, there is one that is done and now we will worry about some of the other ones and try to put some stability into that part of the system.

Dr. ARMOR. I would like to add also, the VEAP, we have to have a program. VEAP is dead. I mean, the Congress has already eliminated VEAP. So, that was our educational program we no longer have.

We have to have an educational benefit program and this is the one that we are supporting.

Senator WILSON. Thank you, Mr. Chairman.

Senator GLENN. Just so we make this very clear before we go to Senator Shelby, is the Department of Defense saying unless you restructure you would not want it?

Dr. ARMOR. We would not want to pay for it unless we can restructure it, that is our position, for the very reasons being discussed about making it a cost effective education incentive.

Senator GLENN. I asked the question before regarding what you would have to do to substantiate your view of what would make it cost effective on the nine to two and extended term. I will get into that later.

Senator Shelby.

Senator SHELBY. Thank you, Mr. Chairman.

RETENTION OF OFFICER CORPS

Dr. Armor, I want to ask you some questions about retention of the officer corps. I know there has been a lot of talk in this committee and by others about what I call mandated cuts in the officer forces. What bothers me about this, will you, in fact, by meeting some of these statutory numbers, be retiring earlier than you normally would combat veterans of Vietnam in the officer corps that bring about stability and experience that we all know is necessary in any kind of a military organization?

Dr. ARMOR. As far as the specific groups that would be retired under the officer reduction legislation, I would rather defer to the services. DOD is not—as an agency has not specified a specific way to implement the cuts other than the proportion that has to be shared by each service. The services will decide within each service how they will take those cuts.

Senator SHELBY. General Cheatham, do you want to talk on that?

General CHEATHAM. Sir, right now we are working a plan with the services and DOD as to how to assimilate the 2 percent reduction and the 3 percent reduction. I do not have any hard data at the present time, but as I mentioned before, I think it was before this committee, when we took our initial 1 percent reduction we took it out of supporting forces. Now, we are going to have to move into what we call the Fleet Marine Force, into the fighting forces. Initially, we are going to try to target staffs. When you are talking about staffs you are talking about more senior officers and more senior enlisted. We will try to stop it there, but there is going to have to be a percentage vertical cut across the entire spectrum from colonels to the second lieutenants.

Senator SHELBY. But are you not basically weakening certain parts of your military apparatus there, taking out experienced officers? Are you not?

General CHEATHAM. Yes, sir, and that is why when we go to the 2 or 3 percent it is my firm belief that we are into the muscle.

Senator SHELBY. You are getting into the muscle. If you are getting into the muscle, you are getting into a lot of the stability that we talked about and experience, are you not?

General CHEATHAM. Yes, sir.

Senator SHELBY. Do you believe that the officer corps is swollen or is it adequate in numbers?

General CHEATHAM. Within the Marine Corps it is not swollen, not in the least. We have the highest officer to enlisted ratio there is, no matter how you look at it. And although the Marine Corps officer to enlisted ratio has become smaller over the last couple of years, that in itself is somewhat of an abberation because of what has happened. We built our officer corps to fit our enlisted end strength requests. We have not received our request for increased enlisted end strength over the last 3 or 4 years. We have maintained the officer corps because it takes longer to grow an officer than it does an enlisted man, so we started building officers 8 years back. And, it costs more to build an officer corps, so we try to retain them. But we haven't received our enlisted end strength, so, consequently, it looks like the Marine Corps has grown in percentage of officer to enlisted.

Senator SHELBY. General, can we afford the mandated exodus this legislation would call for, the mandated exodus of officers that it takes years to build up. And will that not create a vacuum?

General CHEATHAM. In my professional opinion it is going to seriously damage the Marine Corps.

Senator SHELBY. General Hickey.

General HICKEY. Yes, sir. While it was mentioned here that we have "discretion" in how we would take the cuts, the 2 and 3 percent cut leaves us with no discretion. We would have to use every means that is available to us, and we would in fact do selective early retirements, involuntary retirements, and we would do an involuntary reduction in force to meet the strength levels that we see that would be imposed. There is no other way that we can handle those. As a matter of fact, in this committee we have looked at what other things we would do and what other commitments we could break with people so that we could find other populations that we could separate involuntarily.

Senator SHELBY. We are talking about retention generally of officers. I am talking now about cutting out a lot of officers, what, major, lieutenant colonel, colonel grades, retiring them and so forth. There are a lot of them that would have a lot of years of experience, a lot of years left, would they not?

General HICKEY. It is bimodal in the Air Force. It would be lieutenant colonels and colonels under early retirements that would be primarily the target population, and then the other mode would be at the bottom half, and it would be between roughly 3 and 11 years of service of Reserve officers.

Senator SHELBY. Would a lot of these be Air Force Academy graduates and so forth possibly?

General HICKEY. No, sir. Air Force Academy graduates are regular officers. Regular officers we would not RIF. Right now the law would preclude the RIF of a regular officer. Within the Air Force we do not propose to change that.

Senator SHELBY. Admiral.

Admiral DISHER. Senator, if we were required to take the 2 and 3 percent cut in 1988 and 1989 for Navy, that would bring our officer corps strength down to less than the officer corps strength that we had in 1983.

Senator SHELBY. Admiral, how would that work in view of the 600 ship Navy that we are just now bringing on line?

Admiral DISHER. That is precisely the point, sir. We would be operating over 90 more ships, over 20 more squadrons than we were in 1983. The officers required to man those units, if we were to continue to man them at the required levels, would be devastating to our shore establishment, whose growth has essentially been flat.

Senator SHELBY. What kind of ratio do you have in the Navy, your officers?

Admiral **Disher**. Over this decade we started out at about 1 to 7.1. We would end up in 1989 with 1 to 6.9, just a very slight decrease over that 9-year period.

Senator **Shelby**. How does that stack up with, say, the Russian Navy, the Soviets? Do you know?

Admiral **Disher**. They, of course, are much more senior. They have far more officers than that. Far more. We are leaner than the Russian Navy.

Senator **Shelby**. How about the British?

Admiral **Disher**. The British Navy, I would have to provide that for the record. I cannot recall that number offhand, but I think again comparing our officer to enlisted ratio, we have fewer officers than they have in the British Navy.

Senator **Shelby**. France is the same way?

Admiral **Disher**. I believe so.

Senator **Shelby**. Can you provide that?

Admiral **Disher**. I can provide those numbers for the record. Yes, sir.

[The information follows:]

ALLIED NAVY OFFICER TO ENLISTED RATIO

The following represents a range of approximate officer-to-enlisted ratios for free world navies. This is based on personnel strengths obtained from unclassified sources:

Country:	*Officer: Enlisted Ratio*
France [1]	1:1
United Kingdom	1:5
Japan	1:3

[1] The French ratio does not include approximately 1500 technical engineering officers and 500 medical officers.

Senator **Shelby**. General.

General **Elton**. Senator, as you are well aware, the Army has kept their total end strength at a constant value since the early 1980s. We also have changed our force structure, and trying to be more effective in the way we can reach across the total spectrum of the contingencies that we might be called upon to fight, and in doing so we have expanded primarily around 11,000 officers in the last 5 or 6 years and primarily in the company grades, and these are the organizations that we feel where the rubber meets the road, and this kind of growth is warranted.

Now, to respond to your specific question with regard to losing combat experience, a notional 6 percent, based on our strength of about 6,600 officers, 1,000 of those would be in the field grade and many would have combat experience. But the other 5,500, or 1 out of every 10 would come out of the company grade.

Senator **Shelby**. What sort of ratio do you have, officers to men?

General **Elton**. Right now the total ratio with all the support that we have added of the 780,000 men Active Force is about 1 to 6. But in our combat units the ratio is anywhere from 1 to 12 to 1 to 18.

Senator **Shelby**. How does that stack up with some of the other armies in the world that you know of?

General **Elton**. Well, it is about the same as in the Soviet army, and as I——

Senator **Shelby**. The combat ratio?

General **Elton**. The total ratio.

Senator **Shelby**. What about the combat ratio?

General **Elton**. That I——

Senator **Shelby**. You do not know?

General **Elton**. I would have to get that for you.

Senator **Shelby**. What about the West German army? Similar?

General **Elton**. The West German army is smaller than ours. Ours is higher than West Germany's.

Senator **Shelby**. In other words, the ratio of officers to men would be smaller?

General **Elton**. Yes, and I believe the British and the Israeli are around the same as we are.

Senator **Shelby**. Do you believe that mandated cuts in the officer corps or officers will have a detrimental effect or could have a detrimental effect on our readiness as far as national security is involved?

General **Elton**. Sir, I believe in the case of the Army it definitely will have an effect on our readiness.

Senator **Shelby**. Do you believe that the officer corps in the Army is swollen or bloated.

General **Elton**. No, sir, and I say that in all sincerity because we have discussed it in here before. We have not expanded in the number of field grade officers. Had we grown all colonels, then I would say that is fair game. That is like a mushroom. But we have grown in the solid base of the Army, and I think that is all justified growth.

Senator **Shelby**. Could you furnish the information to the committee and to me regarding the various ratios in the growth?

General **Elton**. Yes, sir, I certainly will.

Senator **Shelby**. All of you? I would appreciate that.

[The information follows:]

Officer to Enlisted Ratio

For fiscal year 1987, the Navy's officer-to-enlisted ratio will be 1:7 and projections are that it will remain at or near that level for the foreseeable future.

USMC OFFICER GRADE ANALYSIS

	Sept. 30, 1980	Sept. 30, 1986	Total delta 80–86	Percent change 80–86
Commissioned officers:				
0–10 General	[1] 2	[2] 3	1	50
0–9 Lieutenant general	[1] 7	[2] 8	1	14
0–8 Major general	[1] 24	[2] 21	−3	−13
0–7 Brigadier general	[1] 33	[2] 33	0	0
0–6 Colonel	[1] 585	[2] 652	67	11
0–5 Lieutenant colonel	[1] 1,496	[2] 1,654	158	11
0–4 Major	[1] 2,858	[2] 3,259	401	14
0–3 Captain	[3] 4,788	[4] 5,959	1,171	24
0–2 1st lieutenant	[3] 4,371	[4] 4,549	178	4
0–1 2d lieutenant	[3] 2,812	[4] 2,610	−202	−7
Total	[3] 16,976	[4] 18,748	1,772	10
Warrant officers:				
W–4 CWO	184	155	−29	16

USMC OFFICER GRADE ANALYSIS—Continued

	Sept. 30, 1980	Sept. 30, 1986	Total delta 80–86	Percent change 80–86
W-3 CWO	52	246	194	373
W-2 CWO	512	613	101	20
W-1 Warrant officer	474	437	−37	−8
Total	1,222	1,451	229	19
Total officer	18,198	20,199	2,001	11

[1] (5,005) 27.50 percent of inventory was Field Grade.
[2] (5,630) 27.87 percent of inventory was Field Grade.
[3] (13,193) 72.49 percent of inventory was Company Grade/WO.
[4] (14,569) 72.12 percent of inventory was Company Grade/WO.

The officer to enlisted ratio has increased from fiscal year 1980 (1:9.36) to fiscal year 1986 (1:8.84). The reason for the increase is that full enlisted growth has not been realized because of both Congressional and fiscal limitations. If we were to have achieved our program goal of 20,300 officers and 184,000 enlisted in fiscal year 1989, it would have resulted in an officer to enlisted ratio of 1:9.14 . . . fully compatible with our past track. Falling off the program gives the impression that "grade creep" has occurred. The above chart shows that is not true.

NAVY

Officer to Enlisted Ratio

For fiscal year 1987, the Navy's officer-to-enlisted ratio will be 1:7 and projections are that it will remain at or near that level for the foreseeable future.

AIR FORCE

Air Force officer/enlisted ratios for recent years are as follows:

Fiscal year:	
1980	1:4.71
1981	1:4.74
1982	1:4.72
1983	1:4.66
1984	1:4.62
1985	1:4.55
1986	1:4.54

ARMY

Examples of officer to enlisted force ratios found in other armies are:

OFFICER GROWTH RATIOS/OTHER COUNTRIES

Country	Overall	Division	Battalion (INF)
U.S.S.R.	1:5.6	1:96 (INF)	1:17.9
Israel	1:4.6	1:12 (TK)	1:17.8
Federal Republic of Germany	1:15.3	1:26 (HVY)	1:26.0
United Kingdom	1:8.3	1:14.8 (TK)	1:18.0

Senator **Shelby**. Thank you, Mr. Chairman. My time is up.

Senator **Glenn**. Along that same line, we have some difference of opinion. I think the General is going to get some figures for the committee from an earlier hearing on that issue. His testimony before in an earlier hearing was that 90 percent, I believe, of the increase in officer strength which went up some 11.5 percent, as I recall, while the troop strength went up one-half percent over a 5-year period, conflicted with some of the information we had that was only 36 percent as opposed to 90 percent, which indicated that a lot more people were going into staff function, and I think we are still awaiting that report, are we not? We still need some additional information. I am glad Senator Shelby got into that.

Senator McCain, I wonder if you would yield just a second. I think Senator Wilson had one question. I appreciate the courtesy.

DAMAGE FACED BY OFFICER REDUCTIONS

Senator **Wilson**. This question fits very well after the line of questioning from Senator Shelby. Dr. Armor, I have listened to the last several weeks to various arguments being made about why the services cannot absorb the officer reductions that are now required by law in fiscal years 1987, 1988, and 1989. We have been told that these reductions will destroy the Army's combat capability, that the Air Force will be unable to man eleven wings, that the Navy will be unable to put to sea the 600-ship Navy. In short, not one officer billet has been identified to this committee which could be deleted without threatening our national security. So as a result last week I sent a letter to Assistant Secretary Cox asking him to identify the number of commissioned officers, that is, the number of billets which presently exist for accounting, finance, for budgetary functions, and the number of officers in the Army Corps of Engineers who are assigned to perform the so-called public or civil works functions for the Corps.

The initial estimates that I have received are that these categories include some 30,000 or more officers and it is apparently quite difficult to identify clear combat capabilities related to these billets. Now, I may be wrong, so I also asked the services to provide any arguments for retaining these positions as commissioned officer billets. But I hope my letter to Secretary Cox will move this debate in a somewhat more productive direction. I understand that you have not been in the position of having much time to work on my request, but can you give the committee some indication of how many commissioned officers are in the category of billets that I have described?

Dr. **Armor**. I am not sure I can satisfy your request entirely. Let me say before we start, though, I want to assure the committee that after our last hearing the data has been flowing into OSD on this issue in massive amounts, and the services are being extremely cooperative in supplying information, and we expect to be able to submit our report on time on March 31. I wish this discussion was happening at that time instead of now, because we are still in the process, as the services are, of looking, of going through this very massive amount of data on officer growth. We have not been able to get the billet count. I am not certain where your information came from. We have not gotten a billet count on finance, budget, controller accounting slots. We have a set of numbers from inventory which means where people are actually working, and that is not quite the same thing as what you asked for. Our data manpower center runs that we did indicate about 4,000 persons working in those occupations. I do not think we are going to quarrel with your numbers but I cannot say honestly we have the billet information. We have not received that yet.

Senator WILSON. Our preliminary information is based on telephone inquiry. For example, the Air Force responded that they have got about 1,720 officers assigned to the comptroller performing financial and budgetary functions, but anyway, that is—I am pleased to hear the information is flowing in. We will look forward to getting your analysis at the end of March. I think it is important that we identify where these billets are and what their justification is.

Thank you, Mr. Chairman, and I thank my friend from Arizona for his courtesy.

Senator GLENN. Senator McCain.

COMMAND STRUCTURES

Senator McCAIN. Thank you, Mr. Chairman. I would like to follow along in the dialogue initiated by Mr. Shelby and then continued by my friend from California. I am concerned again that we also have to look at the command structures, the headquarters, and the organizations. Have they grown redundant over the years? I am fully aware that the Congress has laid additional requirements for commands and headquarters. In fact, you are just in the very difficult process of organizing the special operations forces. I understand that. It seems to me that we have not come up with a proposal to streamline any of the command structures as they exist today. It also seems to me that over time, as missions change, and as our various roles are redefined, that it is obviously something which is of compelling necessity. I believe that—I cannot speak for the committee, but I would certainly look much more favorably upon some relief if we could show some action on the part of the services to do away with areas or reorganize and do away with various commands that are not—that are no longer required.

Now, I am sure that an argument can be made for every single headquarters and every single command in the military, but I think the criteria is whether they are absolutely necessary as opposed to whether they are either important or nice to have. So I hope that we will see that a good faith effort is being made to comply with the law. I do not think it is the intent of Congress, certainly not this chairman of this subcommittee nor myself, to impair the ability of the military to do their job.

PILOT RETENTION

Dr. Armor in his statement pointed out that pilot retention was one of the most serious problems that we face, and I understand that it is more severe in the Navy than any other of the services by the nature of sea duty. Is that an accurate statement?

Admiral DISHER. That is correct, Senator. We are currently experiencing just over a 1,000 aviator shortfall in the ranks of lieutenant and lieutenant commander. Our retention rate, while peaking just before 1985 at about 58 percent under the MSR method, has dropped off. We are not seeing the officers respond to our AOCP contract as we have seen in the past, and as a result we are finding that most of our aviators are serving both ashore and afloat in flying cockpits and do not have some of the opportunities for postgraduate education or other career development slots that we would like to see them get.

Senator McCain. It has been proposed that one of the problems with the AOCP is that it is a one-shot deal. The next time the requirement for a pilot to go to sea comes up that incentive is not available. Is that true?

Admiral Disher. Well, the problem that we see with AOCP curently is that we have not adjusted those rates. We feel that some adjustments in those rates would be helpful. Our studies show that the aviators do respond to compensation increases. The problem is trying to retain them, obviously, beyond their initial obligated service when they are facing going back to sea. Our principal problem is in the tactical air community, those who embark aboard our aircraft carriers.

Senator McCain. Would it be helpful if that AOCP were both adjusted and also make available more than once?

Admiral Disher. Yes, it certainly would be helpful, Senator, very much so. There certainly has been uncertainty in that program for our aviators since shortly after its inception. For example, there was a gap for 3 or 4 months at the starting of this fiscal year in which we could not sign up our aviators. We had a number of them continue on in anticipation that it would be reauthorized and we could sign them up. So the stability of the program is important, as has been mentioned earlier, regarding the number of our compensation initiatives. Stability is very important to our people these days, and I think they will respond in a positive way with the sort of retention that we are looking for.

SPOT PROMOTION FOR NUCLEAR TRAINED OFFICERS

Senator McCain. In Dr. Armor's statement he talked about the so-called spot promotion for nuclear trained officers. Are we worse off as far as nuclear engineers are concerned than we are pilots?

Admiral Disher. We have a shortfall there that is only slightly less serious in terms of numbers. We have a shortfall of about 470 of our nuclear trained officers again in the grade of lieutenant, lieutenant commander, and certainly commander. Spot promotion, which offers an opportunity to recognize the special responsibility for those lieutenants serving in engineering billets principally aboard our nuclear submarines and also some of our surface ships, has been a no-cost and effective method for us to recognize and retain those officers and encourage them to serve in those billets. That is an authority which, of course, lapses at the end of this year.

Senator McCain. And that would not be applicable to the aviation community?

Admiral Disher. No, that has not been applicable to the aviation community, Senator.

Senator McCain. Why would it not be?

Admiral Disher. We do not see the same sort of requirement for the spot promotion. It is not helpful to us because of the timing there. We have more of a timing problem with our nuclear officers and our surface warfare officers serving as engineers.

Senator McCAIN. Thank you. Dr. Armor, I was intrigued by reading the last part of your testimony concerning the conscription versus All Volunteer Force argument, and certainly can appreciate your support for the All Volunteer Force concept, and I understand some of the arguments that you have made. However, I believe that some of your arguments are somewhat flawed in that you compare today's environment with that of the so-called peacetime draft.

ALL VOLUNTEER FORCE

The peacetime draft was overwhelmingly rejected for a number of reasons, and the reason why we have the All Volunteer Force is because of the perceived and, I believe, real inequities involved with the previous system. I know of no one who wants to return to the previous system, which obviously discriminated against the lowest economic levels of this country. It was patently unfair. So I think your arguments would be much more convincing if you balanced these figures against a different concept, for example, that one of universal service. If we went to the American people today or the young people of America who would be subject to this and say, we are going to reinstitute the draft, the response would be overwhelmingly in the negative.

However, from my own experience when young Americans are overwhelmingly positive about serving our country in whatever capacity that they are capable of serving, the response is overwhelmingly to the positive. And I am fully aware of the concerns that my colleague from California, Senator Wilson, and others have about the costs involved in such a program. But I also agree with Senator Wilson in that as the manpower pool shrinks we are going to have to increase further and further the benefits to entice people to enter the military and to stay in. Because of the shrinking manpower pool and because of the increasing cost of education in particular, other costs will drive up the expenses involved with maintaining an All Volunteer Force.

And it is also one thing to calculate those costs today versus the costs of a national service concept. It is also something else to generate a set of figures which are fairly predictable, given that the costs of education have risen pretty consistently in our almost double-digit fashion for the last 10 years. Unfortunately, I see no change in that curve, at least a dramatic change, and I also think that there is, although your comparison of minorities in the case you mentioned specifically as blacks as a percentage of nonprior service successions and the use population was at a time when it was common knowledge that the most discriminatory aspects of the draft were levied on minority Americans. I would suggest that a more valid comparison of the so-called All Volunteer Force would be not with the draft as it was, which was universally or overwhelmingly rejected by the American people as being patently unfair as a system which would be inevitably more equitable.

PEACETIME DRAFT

Senator **McCain**. I was also interested in your statement on page 33 where you talked about this will nearly replicate the condition of the last peacetime draft.

If you are conducting a study which will replicate the conditions of the last peacetime draft you are wasting a lot of money, because I know of no one who envisions a return to the conditions of the last peacetime draft.

What I do see envisioned is something which is being supported to a large degree across this country, and that is the concept of all Americans serving their country in a variety of fashions ranging from the military to the Peace Corps to the Park Service to other areas. That, I think, is the option that should be examined as opposed to replicating the previous peacetime draft.

I will be glad to hear your response, Doctor.

Dr. **Armor**. Thank you, sir. We do not have a specific proposal in front of us, obviously, that we could address or compare costs. We have done the cost analysis on several different scenarios. Our most rigorous analysis, of course, was a scenario of a regular draft, and we are still doing refinements on that. However, without the kind of exceptions and exemptions that were made back the last time we had a peacetime draft, it would be something a little different than that.

When we get to other kinds of scenarios, again our analyses are not as thorough because we really do not have a specific proposal; however, I would like to point out that national service concepts fall into two kinds, mandatory or voluntary. The figures for a mandatory national service are something like $50 billion, and of course, that is not the DOD component, but I think that is an extremely heavy cost at a time of tight budgets.

The voluntary national service that I mentioned that Dr. Moskos advocates by his own figures is $7 billion. So from the point of view of the Defense Department, what we are really saying is we think that what we have now is working well, and we certainly would not want to lose our resources for the Defense Department and try to pay for something that we do not need and would actually cost more than what we are now spending.

I think it probably does boil down for some to a cost analysis, and so far what we have seen is the cost is greater returning to that kind of a system.

Senator **McCain**. My time has expired, but let me say, first of all, I would compare not present day costs but future costs to the other aspects of this whole business. We are talking about people serving their country. We are talking about who is asked to serve and who contributes, and I think we are also talking about a comparison that needs to be made and taking into consideration the enormously difficult times that we have been experiencing, in my opinion, as we face a shrinking pool of young Americans from now until the end of this century.

I have used my time, Mr. Chairman.

Dr. **Armor**. We do have a study underway. As I said, we will get that report to you. We expect it by this fall. We will run some alternative scenarios, and we will try to incorporate some of those ideas into the scenarios.

Senator McCain. I would appreciate it. Thank you.

Senator Glenn. Thank you. We are going to have to move right along into some other subjects here. We have spent a long time on some of these, and they have all been very good questions, very good information.

RECRUITING

I want to get over onto recruiting. You are requesting about $2 billion for each year for 1988 and 1989. That amounts to a growth of about 4.5 percent. In light of the excellent recruiting records that you have had so far and say it is going well, how do you justify the 4.5 percent increase?

I know the traditional way of doing this, and to put it very bluntly, are you asking for 4.5 so we can cut something and you would still have the current figure available to you? It seems to have worked very well.

Dr. Armor. The 4.5, of course, also includes—most of that, two-thirds, is for inflation. The real growth is about 1.9 percent, about $20 million. We think that is a very modest growth. Most of that is going into Navy resources and some Reserves.

I think that that is such a small increase to address a specific problem in the Navy and some Reserve issues, but I think what we really are saying is that we need to maintain the kind of funding without any substantial growth to maintain the success that we have had. I think that is a good way to summarize it.

Senator Glenn. What is inflation now?

Dr. Armor. I believe our projection is about—well, wait a minute, before I get this wrong. Well, we will have to check that one. I will have to get that for the record, but 1.9 percent real increase is our number.

Senator Glenn. OK. We bring in new people each year, around 300,000, roughly in that range.

Dr. Armor. Three hundred twenty-five thousand.

Senator Glenn. OK, and $2 billion, figure that out. That is about $7,000 per recruit plus GI benefits that are not even figured into that; correct?

Dr. Armor. That is correct, although the educational kicker, the Army College Fund and——

Senator Glenn. Just taking these overall figures, I know that recruiting is expensive. I know advertising is expensive and everything else that you have to do, and also the personnel devoted to accomplishing this and so on.

I am just wondering if $3,000 per recruit added as an incentive bonus for enlistment or something in that area might be even more effective than what we are now doing. That is a lot of money, $7,000 per recruit plus the other benefits.

Dr. Armor. I would like to point out that approximately one-half of that is military pay, and we would not plan to reduce the number of recruiters we now have.

Senator Glenn. Recruiting staff.

Dr. ARMOR. Recruiting staff that are military, so we are really talking about $1 billion and $3,500 per recruit if they look at actual resources like bonuses in the Army and the educational kicker programs and what have you and actual resources that we need to do the recruiting and advertising.

So we show that in our figures obviously because we are putting our recruiters into that application, but we would not plan to cut our end strength if there was a change in recruiting resources. So I would look at it more like $4,500, and that is a pretty good—that is not a bad number. We think it is a cost effective way to maintain quality.

Senator GLENN. I do not know that you would want to cut back on the personnel assigned to recruiting or not, or whether some of these things could be combined a little more than they are now, but I was just sitting here going over the figures and I just came up with that figure. That $7,000 seems like an awful lot along with the GI benefits, so that might be something you want to look into a little bit further.

This issue of the joint advertising and so on, I had some questions regarding that even before General Elton mentioned it earlier in the hearing.

What is the rationale for forcing the services into joint advertising?

Dr. ARMOR. Well, this recent issue, of course, has some history. The Secretary has been concerned for quite some time, several years back, about the amount of service specific advertising and to find a way to resolve the debate about whether DOD joint advertising is more cost effective than service advertising for the general awareness, especially the national television type advertising for general awareness.

We commissioned a study by the Wharton Center for Applied Research and we do not have that final report yet but their preliminary results we have shared with all the services. It was on the basis of that report that we felt that it supported the resolution of the debate. It suggested that we could accomplish the same goals with slightly less recruiting resources but with a richer mix of joint advertising compared to service-specific advertising.

So once those results were forwarded, the Secretary asked us to make the changes accordingly. So what we have done using the 1987 base prior to the congressional cuts, we had programmed in a 25 percent reduction in overall advertising resources between 1987 and 1991, and that would result in a slightly higher mix of joint advertising.

Of course, the Congress cut our 1987 funds considerably more than the President's budget, so the total savings now would not be quite as much.

Senator GLENN. This study that justifies this, do we have a copy of that? Has a copy been forwarded to this committee?

Dr. ARMOR. No, it has not. We are expecting any week now the final version. We have asked for some changes and modifications, but we should have it within several weeks, and we will forward it to you.

Senator GLENN. We will look forward to getting that because I am concerned that the services have the ability to conduct the kind of recruiting they want. There are service specific requirements. The Marines use one approach, the Air Force uses another. The Army, Navy, all use a different approach when they get a kid in the office they are talking to there as to what pride in service or flying or Navy, see the world, or Army skills and whatever. There is a whole different approach each service uses.

I would not want to see us cut back too much on that. Getting their attention on major programs and so on as an overall DOD, Army, Navy, Air Force, Marines program if it could get their attention and get them down to the recruiting station, but I would be very interested in the committee having this report as soon as possible, that shows how you justify putting more of it at DOD level.

Dr. ARMOR. We do support, of course, the service-specific advertising. As you say, there are programmatic aspects that have to be done by the services, but it is the awareness advertising that we have been focusing on.

Senator GLENN. Now, I do not want to belabor this too much because we do have a lot of ground yet to cover, but General Elton and Admiral Disher, you in particular I believe have had some opposition to the direction toward joint advertising. General Elton gave his opinion a little while ago.

Admiral, do you want to comment?

Admiral DISHER. Certainly there is a place for joint advertising, Mr. Chairman. We have found, as far as the Navy goes, with regard to public awareness and joint advertising, that Navy awareness goes down. Conversely, when we are able to provide our service with specific advertising there is a significant increase.

Senator GLENN. You can show a correlation?

Admiral DISHER. Yes, we can show a correlation from the surveys that we have done that are reasonably dramatic to show the increase in awareness of the Navy. The contribution from service specific advertising is roughly 40 percent of our officer accessions and better than 15 percent of our enlisted accessions based on our service specific advertising.

We are particularly concerned this year, as we are going off the air effective about 1 April with service-specific advertising until such time as we might get approval for some reprogramming to continue our service-specific advertising.

Senator GLENN. You mean the requirement for joint advertising is cutting you off the air?

Admiral DISHER. No, these were other cuts.

Senator GLENN. General Elton, did you want to expand on your earlier remarks?

General ELTON. No, sir. I think I covered that.

Senator GLENN. OK, good. We might as well hit everybody.

General Hickey.

General HICKEY. Yes, sir. We are in strong support of the joint recruiting advertising program, the DOD program, but we think it is funded at an adequate level now, and we certainly do not support any increased funding, particularly at the expense of service unique advertising.

We think that——

Senator GLENN. You have a good balance?

General HICKEY. We have a good balance now that certainly does not need to be altered in favor of more joint.

Senator GLENN. General Cheatham.

General CHEATHAM. I do not know anybody who ever joined the Armed Forces, and that is what they advertise in joint advertising. People join the Marine Corps, they join the Army, they join the Navy, but they do not join the Armed Forces.

Senator GLENN. Mr. Shaw, in your statement you report that the Reserve forces continue to achieve increasing end strength objectives by recruiting and retaining personnel in the quantity and quality needed, yet a lack of individual skill qualification is reported as one of the major forces limiting the readiness of Reserve units. For example, the Reserve Forces Policy Board reports that 55 percent of Army Reserve units are not combat ready.

The second most critical reason given for this is a lack of individual skill qualification. How do you reconcile the apparent conflict between the reports if you are getting the quality and quantity you need, and what is being done to correct the apparently serious combat readiness deficiency in the Army Reserve?

Mr. SHAW. There is an apparent conflict, but I do not think there is a conflict in reality. The quality I am talking about is the quality of the individual as opposed to the general quality of the force.

Senator GLENN. If we have the individual skills, then it is the organization that is off balance, because the Reserve Policy Board says that 55 percent of the units are not combat ready.

Mr. SHAW. This is caused, in large part, due to a mismatch in MOSs, which is a problem that Reserve Affairs identified and has brought it to the attention to the services. In fact, while our recruiting is up, while our retention is up, and while we continue to meet our end strength, we have some serious problems with respect to putting the right kinds of people in the billets that we have.

It is a matter of great concern to us, and it is something that we have been working with the services to correct. It is going to require a major realignment over a long period of time.

I am very concerned about this, Senator. This is something we do not treat very lightly, and that is why we bring it to the attention of the Congress, why we bring it to the attention of the services and the Secretary of Defense.

Senator GLENN. I do not want to belabor this because we have covered it to some extent in earlier hearings, so we can look to that for the record which we need for whatever legislation we have, but I am very concerned about it. As we said earlier, some of the figures we had are war stoppers.

Mr. SHAW. That is correct.

Senator GLENN. We are so dependent on the Reserves and the Guard and combat support units in particular which we went through in some detail in earlier hearings. If we do not get those people in there, we are not combat ready and that is the bottom line of this.

It is not just to have a Reserve or a Guard unit out there that a community or State can point to with some pride. It is what happens if we actually have to get into war and go to combat, and we are not in good shape.

So whatever is required to recruit and get the proper people and the MOSs that we need is something we are going to have to work very closely on with you and the other services or we are just living in a dream world here as to what our combat capability is because it is not there right now.

Mr. SHAW. I get your message, and it is one with which we certainly agree. It is not enough just to go out and recruit in gross. We have to recruit and assign intelligently.

Senator GLENN. Gross numbers do not do it. That is the reason I took exception to the quantity and quality needed. Quality, if you say quality means the type people and the skilled qualifications, then numbers do not cover that up. We have to have the people to fill the billets to give us the combat readiness, and without that everything else sort of goes by the board.

PERMANENT CHANGE OF STATION

Let me get onto this permanent change of station. General Cheatham or possibly General Hickey brought that up earlier.

I just wanted to read something here to you that the staff had prepared at my request. It is an update of some issues from last year, and we will put this in the record.

[The information follows:]

PERMANENT CHANGE OF STATION (PCS)

Moving is a way of life in the military. It also happens to be one of the single biggest irritants of military life, because few military families can make a Permanent Change of Station move without losing some of their own money.

The government today simply does not reimburse military members for the full cost of the frequent moves that we ask military members to make.

This is in marked contrast to the way the federal government treats civilian employees who move at government expense. Today the federal government reimburses federal civilian workers at a much higher rate for government-direct moves than it reimburses military members.

Let me just cite a few examples:

1. HOUSING HUNTING TRIP

A Federal civilian can get a fully-paid house-hunting trip of up to 10 days at government expense for himself and his wife.

If he is lucky and takes leave, a military member can get a space-available flight to look for a home at his new duty station. He also does not get any per diem costs for such a trip.

2. REAL ESTATE EXPENSE

A Federal civilian can claim the lesser of 10% or $15,525 of the selling price of his home and the lesser of $7,763 or 5% of the purchase price of his home. If the employee doesn't own or plan to buy a home, Uncle Sam will help out with lease-breaking arrangements.

If he is lucky, a military member can get base housing.

3. PER DIEM ENROUTE

A Federal civilian gets $50/day per diem for himself, $37.50/day for his spouse and every other dependent over 12, and $25.00/day for every dependent under 12.

A military member used to get only $50/day for himself, regardless of how many dependents he has. This was changed in the fiscal year 1986 DOD Authorization Act to the rate structure for Federal civilians.

4. HOUSEHOLD GOODS ALLOWANCE

Every Federal civilian can move up to 18,000 pounds of household goods.

Household goods weight allowances in the military are based on rank—and are capped at the highest ranks at 13,500 pounds.

5. TEMPORARY QUARTERS SUBSISTENCE ALLOWANCE

A Federal civilian can get 60 days of temporary quarters at his new duty station paid for by the government.

We recently authorized up to 4 days temporary lodging expenses for military members, but this has been funded for E-4's and below only.

6. MISCELLANEOUS EXPENSES

A Federal civilian with a family can get a $700 allowance for miscellaneous expenses, or with documentation up to an amount equal to 2 weeks pay up to grade GS-13, not to exceed $1,880.

Military members receive a dislocation allowance equal to one month's basic allowance for quarters, which is $250-$700 per month.

Something is wrong with our priorities when there is such a big disparity between the way we reimburse Federal civilian employees for their moving expense and the way we reimburse military members for their moving expenses.

In 1985, I offered an amendment which simply said that military members would be eligible to receive the same reimbursements for moving expenses currently provided to Federal civilian employees.

The amendment was not cheap. We enlisted the help of the Congressional Budget Office in trying to figure out the total cost.

Giving military members the same temporary lodging expenses as Federal civilians would cost about $2.5 billion.

Giving all military members 18,000 pounds of household goods like civilians would add another $2.8 billion, assuming military members shipped an average of 10,000 pounds of household goods.

Giving military members the same per diem and en route expenses as civilians would cost about $400 million.

These were very rough figures, but that came to $5-6 billion even before we talk about the expensive benefits civilians now receive like a house-hunting trip and reimbursement for real estate expenses.

The amendment was not adopted because of cost, but that doesn't mean we shouldn't strive for more fairness. I plan to look into this further with a view toward improving the imbalance.

Senator GLENN. Moving is a way of life in the military. The Government simply does not reimburse military members enough to make up for their costs during a move. It is a marked contrast to the way the Federal Government treats civilian employees. I wanted to just read this to you. This is not in the form of a question. It is just to put this into the record so you know what these differences are if you have not looked at them.

These are just a few little examples here. This is not the total picture.

Househunting if you get transferred: The Federal civilian gets a full paid househunting trip of up to 10 days at Government expense for himself and his wife. If he is lucky and takes leave, a military member can get a space available flight if he can get leave to do it to look for a home at his duty station at his expense. He does not even get per diem costs for such a trip.

Number two, real estate expenses: A Federal civilian can claim the lesser of 10 percent or $15,000 plus of the selling price of his home and the lesser of $7,700 or 5 percent of the purchase price of his new home. If the employee does not own or plan to buy a home, Uncle Sam will help out with lease breaking arrangements.

In the military, if he is lucky a military member gets base housing, which is never adequate to cover all the people obviously. Although my experience is ancient history by now, I know in 23 years in the Marine Corps I had base housing once out of 23 years. So that is just one little example.

Another one, per diem en route: A Federal civilian gets $50 per day per diem for himself, $37.50 for his spouse and every other dependent over 12 and $25 a day for every dependent under 12.

The military member gets $50 a day for himself, all his dependents, the whole family combined.

Another one, household cost allowance, household goods allowance: Every Federal civilian can move up to 18,000 pounds of household goods. Household goods weight allowances in the military are based on rank. They are capped at the highest at 13,500. It would average out probably somewhere around $9,000 to $10,000 something like that. Civilians get $18,000.

Temporary quarters subsistence allowance, that is another one. Temporary quarters: A Federal civilian can get 60 days of temporary quarters at his new duty station paid for by the Government, and by quarters that is a hotel or apartment or whatever.

In the military we recently authorized up to 4 days temporary lodging expenses for military members, but this has been funded for E-4s and below only.

Another one, miscellaneous expenses: A Federal civilian with a family can get a $700 allowance for miscellaneous expenses or with documentation up to an amount equal to 2 weeks pay up to grade GS-13, not to exceed $1,880.

Military members receive a dislocation allowance equal to 1 month's basic allowance for quarters, which is $250 to $700 per month.

So these are just some examples. I have no illusions that we may be able to change that this year because the amendment is not cheap. I wanted to offer an amendment and bring it all up to make it all even. That would be a great boom for the military. I know that.

I would like to see that happen, but we enlisted the Congressional Budget Office to try to figure out the total cost and give military members the same temporary lodging expenses as Federal civilians would cost about $2.5 billion.

Giving all military members 18,000 pounds of household goods like civilians would add another $2.8 billion, assuming military members ship just an average of 10,000 pounds of household goods.

Giving military members the same per diem en route as civilians would cost about $400 million. These are very rough figures, but that total comes out somewhere between $5 and $6 billion not to increase beyond anybody else but just to bring military up to the same status as civilians on transfer.

That is not a question. I know you all would be very surprised if we did not all agree that there needs to be some updating on military PCS.

Now coming back to another factor here. DOD figures indicate that about 50 percent of the personnel in the Army, 36 percent of the people in the Navy, 42 percent in the Air Force and 33 percent in the Marine Corps who moved in fiscal year 1986 served less than 18 months in their previous assignment. Now that does not include accession or separation or short-term moves like Korea.

What does this tell us about the management of the PCS program in the respective services when the general standard for stateside assignments is 36 months; and 36 months and 24 months for accompanied and nonaccompanied personnel overseas respectively?

General Cheatham, do you want to start?

General CHEATHAM. If I could, please, sir.

Senator GLENN. Good.

General CHEATHAM. The OSD survey shows that the Marine Corps has, I think, 35 percent of tours lasting less than 18 months.

Senator GLENN. Thirty-three was the figure I had, but that is close enough.

General CHEATHAM. Yes, sir. Well, some of the figures and some of the calculations are incorrect. We estimate that, if you exclude accessions, separations or short tours like Okinawa, only about 13 percent of marines serve less than 18 months at a location before moving. Also, the way the Marine Corps figures, we should not count some tours such as transferring a man from school if his school is only 1 year in length. I do not think we should have to use this as an example of a less than 3-year tour or less than an 18 month tour. So, if you just take these figures out of the Marine Corps, 13 percent, it comes down, the way I have it figured, to about 8 percent.

Senator GLENN. You have that many people in school at any onetime that there would be that many transfers per year?

General CHEATHAM. We have run our own hasty figures here, but the way we look at it right now, if you count going to school, that is all right, but if you don't count coming out of school, we come out to about 8 percent.

Senator GLENN. OK, General Hickey, the figure I had as opposed to the Marine Corps' 33 percent, was 42 percent in the Air Force.

Can you tell us why it is that high?

General HICKEY. Yes, sir. I have to admit that I share General Cheatham's concern for the efficacy of the numbers in the DOD study. I did not have a chance to verify, and I do not know where they came from. Well, I know where they came from basically, but I do not——

Senator GLENN. They came from Dr. Armor's office. I will get to him later.

General HICKEY. We got them, I think, from the Defense Systems Center or Data Management Systems Center out on the West Coast.

Senator GLENN. I was building up to him.

General HICKEY. The problem is we in the Air Force think they are wrong, and I cannot derive a direct relationship. In response to that same memo from Mr. Cox, we have been doing a hand count of what they have asked for, which was the moves between June and August of 1986, the summer of 1986.

We have taken the total number of moves which were 51,198. Of those, all of the moves that we made for whatever reason in the United States Air Force, not counting new accessions because they do not have a time on station, but all the others that were made, 17,400 or 41 percent of those were of people who had 18 months or less on station.

Now, that is the total that were 18 months or less, 34 percent. If you look at those people who are coming back from short tours overseas, 12 months, 15 months, 18 month tours, which are supposedly removed from that 42 percent, there is about 3,734 moves there.

Those who are separating with less than 18 months on station, and there is another 5,500, 5,600 there, again those were not supposed to be in that 42 percent that is alleged.

You remove 9,300 of that 17,000 moves, and now you are down talking about 8,100 out of 51,000 moves or about 15.8 percent.

Then to echo what General Cheatham says, of that 8,100 and the 15.8 percent, which I think would be an apples and apples kind of a comparison here with the 42 percent, of those remaining 8,100, 4,300 were people coming out of 1-year schools, 6-month schools or tech schools that were someplace in the training process or were under children have a potential, prisoner patient rehabilitation, cats and dogs, like that; but 3,978 were schools only.

You end up with something on the order of 3,000 moves out of 51,000 or 7.5 percent where you can take us to task that we move people at 18 months or less and we would be hardpressed to explain why we did that.

Now, as you know, one last point that I would like to make before we press on is that 3,718 moves that were 18 months or less time on station that were rotational, occupational, discretionary moves that we made, the first of October we changed the rules. I now have to personally sign a waiver for any move that is under 24 months time on station. I have been doing that since last October. Through the end of February, 5 months, I have approved 49 and disapproved two. That compares to 3,700 last year.

So I think we have a handle on it.

Senator **Glenn**. So you are moving on it.

All right, Admiral, 36 percent in the Navy is the figure I have.

Admiral **Disher**. We have many of the similar concerns, Mr. Chairman. We are digging into the data. We do not have an answer yet. We expect it very shortly. We, too, find that we have some short tours, such as Diego Garcia, our overseas homeported ships, particularly in the Middle East which are 12 months.

We, like the other services, have a number of training moves. We suspect that is driving a number of them.

We also use no-cost moves in areas of fleet concentration to improve readiness which may be showing up there when in fact we have not spent any money in it but as we have done it for readiness.

Based on a DOD PCS formula, the average Navy tour length in fiscal year 1986 was 44.2 months and so far in 1987 50.8 months. We are having difficulty reconciling this with this data, so we would like to——

Senator **Glenn**. Could you supply that for us at a later date for the record? I would appreciate it.

Admiral **Disher**. Yes, sir.

[The information follows:]

TOUR LENGTHS

We analyzed all of the 9,840 (2,876 officer and 6,964 enlisted) moves made by Navy members in June 1986. The analysis showed that 3,509 moves (35.6 percent) were made after less than 18 months time-on-station at the departing command. Training was the predominent (2,465) cause for those short tours. Our average tour length is high because many Navy personnel have 4 or 5 year tours as part of their sea/shore rotation pattern. A breakout of the data follows:

	Number	Percent
Total non-accession/separation moves	9,840	100.0
Moves under 18 months	3,509	35.6
Completed overseas tour under 18 months	324	
Completion of training under 18 months	2,465	
Total	−2,789	
Actual tours under 18 months	720	7.3
"Uncontrollable" tours under 18 months (key billet, certification, humanitarian, prisoner, etc.)	438	
To/from sea	86	
Total	−524	
Remaining tours under 18 months	196	2.0

As you can see, the data shows that a very small percentage of moves (2 percent) remain when those made under the standard exceptions are subtracted.

Senator GLENN. General Elton, our records show 50 percent of the personnel in the Army. Is that a correct figure?

General ELTON. Well, sir, we are not sure what the study refers to. We think it probably is a preliminary analysis that is being done in OSD and, as Tom Hickey mentioned, based on data from the Defense Management Data Center. We, of course, provide them their information, so there probably is something that is in those figures.

However, we are not sure that it uses 1986 data. We think it includes separation and short-term moves, and we think that it looks at household good shipments rather than moves. Of course, on the typical overseas move you can use three kinds of household good shipments and that would increase it.

I would say, however, that the Army has taken some unbelievably intense scrubbing and scrutiny of its PCS program. We went and sat with Dr. Armor personally over the last 2 or 3 months and have studied some new programs and have instituted some new policies in the Army which so far have revealed that the average tour lengths in the continental United States for officers is now 33 months and for enlisted it is 31. Overseas long tour is 36 for officers and 29 for enlisted and short tours, officers are 16 and enlisted 14.

As was mentioned earlier, in order to get any kind of an approval for a change in the tour length, there is scrutiny at the Assistant Secretary level and at my level and over at personnel center, which the general officer has to approve all those changes.

So moves are slowing down. The tempo of moves is definitely slowing down in the Army, but the data that is referred to in that study in the Army Times article, I have not seen it.

Senator GLENN. Dr. Armor, I understand that was your study. Do you still stand by your figures?

Dr. ARMOR. Well, let me give a little background. Actually when we got into this, I was surprised that we did not have data readily available to answer questions about what the tour lengths were. In fact, we have heard some terms here at the table—such as a "hasty look", or "delving into the numbers", or "hand tabulations"—that suggest lack of data.

The real problem is, and we have taken the initiative to deal with this, that neither the services nor DOD keep accurate and computerized data that would allow one to anwer questions such as where and why all the tours of different lengths are occurring.

In lieu of that we have done a preliminary analysis with the assistance of DMDC to pin down the problem. We acknowledge in the memorandum, by the way, that they are very preliminary numbers. They are not based upon a complete analysis of reasons. If there are differences, I am certain that it has to do with the data not giving us a handle on why people are moving.

The purpose of this effort was to task the services, other than the Army which did a detailed analysis, to conduct an analysis on tour lengths.

Of course, the reason that we wanted to do a tour length analysis is to go back to your issues about civilian movers. It is our philosophy that what we need to do in the PCS realm is to manage the program properly so that we can benefit our people.

When I came into this position last year, the services, to meet a Congress cut, were doing an involuntary extension of members overseas. We view that is a detriment to the morale of the troops. That is not the way to manage PCS moves. So we began looking into the issue of rotational times and lengths and how many moves were short. We found we could not answer the question because there was no data.

So the numbers that are being referred to are very preliminary numbers but they have, I think, been the stimulus to create an analysis that will give us the answers. We will report back to you on that.

Senator GLENN. All right, good. Obviously, my intent is to try to up the military reimbursement for moves and make it more fair, make it more like civilians. I am going to have a lot more firm ground to stand on, I can tell you, if I can go before my colleagues on this subcommittee and the parent committee and the Senate and say that we really have this permanent change of station thing under much better control.

Obviously a civilian that stays 5, 10 years in a job and who is transferred to California or something because he now is going into a management position or something, they would make, I suppose, two or three changes in a career maybe. I do not even know the figure, but they would make a few changes in a career as far as permanent change of station goes.

The overall bill to the Government is fairly small in that regard compared to what the military would be if you would have a planned transfer every 2 or 3 years, every 3 years now. It is a big bill, and obviously the bill is going to reflect the number of moves that you make. So, more of a handle you can get on the permanent change of station the better.

I would add here that I was going to say everyone should stay where they are forever because the services are a different breed of cat. You have different requirements in training and everything else, moving from one squadron or one infantry unit or whatever to another. I understand all those things, so the services are going to have a much bigger bill attached to it, but we will be able to sell those advantages far better if you have a handle on this rather than people being transferred every 18 months for school or whatever reason.

So be aware that if I am to help you on that, I am going to need some help from you in making sure we have that PCS information down as well as we possibly can do it.

We have too many questions in too short a time here, and that is one of the problems.

One thing I want to toss out, and I bent my pick on this one last year representing the services. I would also add I got blessed with little help from the services.

RELIGIOUS APPAREL WHILE IN UNIFORM

Dr. Armor, what is the DOD position on the bills that have been reintroduced in this session of the Congress to permit members of the Armed Forces to wear items of religious apparel while in uniform so long as such items are neat and conservative and do not significantly interfere with the performance of military duties?

Dr. ARMOR. Well, this legislation was introduced last session as well, and I think our position is probably what has been articulated before.

Bascially, we feel very strongly that the uniform policy is a central part, a core part of military morale and discipline. I think it is not simply a question of the religious expression which we also support, provided that it does not interfere with the uniform.

Basically, we are very, very concerned and would oppose the legislation as we did last year on the grounds that it would tend to create distinctions between individuals that again undermine the purpose of the uniform and, perhaps even more than that, puts field commanders under tremendous pressure to make a judgment on a highly emotional and sensitive issue as to what constitutes neat and conservative religious wear. We think that is quite a different decision than neat and conservative jewelry where there is no attachment of strong feelings and beliefs and ideologies.

So that if we were putting that burden on our commanders to make decision of what constitutes neat and conservative religious wear, then it simply would break down. Differences would arise. Some would permit and some would not, and we would be in court before long. We just might be demanding, and what some of us may not feel are religious items perhaps could win out in the courts because of the way the courts define a religious belief and a religious practice.

So for all those reasons we are not in support of that new legislation.

Senator Glenn. General Elton, would you like to comment on that?

General Elton. Well, sir, we have followed the DOD directive published in 1985, and in 1986, published our own Army regulation counseling our commanders to use common sense and not to be arbitrary in considering requests for accommodation.

We then put out a pamphlet which talked to that, specifically those practices, and established a review committee for a accommodation of religious practices within the Army and to provide specific decisions as needed on these particular issues.

We have been letting our commanders use their common sense and working within the chain of command. Thus far, we have not had any difficulty.

Senator Glenn. Admiral.

Admiral Disher. Certainly it is not that military services seek to thwart expression of religious beliefs, but it has now become an item of visibility. We have a number of questions that we are going to continuously be required to answer, such as, "What apparel is part of the religious observance?" "Is the individual genuinely practicing a religious faith?" "What is neat and conservative?", and "What interferes significantly with the performance of duty?"

I feel that we have complied, Mr. Chairman, and no further amplification of these regulations is thus far required.

Senator Glenn. General Hickey.

General Hickey. Yes, Mr. Chairman. Unfortunately, I think the Air Force has more direct experience in this issue than the other services do, in that we have had some extensive litigation and been involved in the issue off and on for about 5 or 6 years.

The basic thing that comes down in the three bills, two before the Senate and one before the House right now, have to do with the issue that the item of apparel be neat, conservative and unobtrusive, and that does in fact thrust commanders and courts alike into a morass of defining what is neat, conservative and unobtrusive and in trying to decide what constitutes a religious observance.

It is a matter of whether you draw the line, and it does force a very subjective determination.

We have some 140 different religions which we recognize and have members participating in that are currently on active duty, so the opportunity to make lots of subjective judgments is almost endless.

As a matter of fact, the House bill specifically allows for the wear of yarmulkes with respect to the Jewish faith and turbans with respect to Sikhs. I have seen all kinds of magnificant looking turbans but I have never seen one that is unobtrusive. So it is going to be a problem for us.

We did, in fact, end up with a case that went all the way to the Supreme Court over the wearing of religious apparel, which we were fortunate enough to get a favorable decision out of the Supreme Court. Justice Stevens, when he was concurring in his opinion in that case, said that the current rules used by the United States Air Force were based on a neutral, completely objective standard, visibility, and we think that that is still so.

There are two other cogent points, I think. The majority opinion in the Goldman case noted that the desirability of dress regulations in the military is decided by the appropriate military officials, and they are under no constitutional mandate to abandon their considered professional judgment.

It also went on to say, and I quote, "The First Amendment does not require the military to accommodate [wearing of religious apparel] in the face of its view that such action would detract from the uniformity sought by the dress regulations". Historically, that has been the way that we have proposed to operate, and we do think that there is a critical factor in discipline in maintaining that in the coherency of our military organization.

Senator GLENN. General Cheatham.

General CHEATHAM. I would just like to add one more thing. It has been alluded to here, but we do put an awful lot of pressure on a young lieutenant, captain, or major to make determinations when the way the present law is written is subject to some interpretation. I do not think it belongs down at that level.

There is something that a lot of people forget, and that is the amount of accommodations that we presently make to all various types of religion. I do not know where they worship, when they worship, their dietary practices, their dress and appearance, if it is unobtrusive. We have gone through the whole litany, and coming from California I am sure there is one of those guys out there who is going to wear a great big yellow banana on the front of his uniform. I just think we ought to use a simple term. Uniform is uniform with the uniformed services.

Dr. ARMOR. As a Californian, and I am not sure I like that.

Mr. SHAW. I am a Californian, and I have seen a lot of yellow bananas on clothes.

If I may add to that, even though I am kind of an outsider, I think one of the questions we ought to be asking is to what extent may we ask people who practice specific religions to make accommodations that they agreed to when they joined the Armed Forces. The military has a long tradition of uniformity, order, and discipline, and it must not be legislated away, and these kinds of things that are obtrusive, when they are obtrusive, should not be permitted.

Senator GLENN. It is that long tradition that is proposed to be changed by this legislation. I read some of you stronger than others. It seems to me that you are of mixed intensity here, and I gather everyone is sort of opposed to this but some with perhaps more intensity than others.

I felt strongly about this last year and made my own statements about it, which some of you may recall. I took a very strong stand on it and was practically vilified as the world's worst atheist or whatever for the position I took on this.

I do not plan to be out there on point again this year. I did it for you last year. Whatever you want in this, you are going to have to fight for it this year. I will just put you on warning on that. I do not plan to make myself a target again this year when I got very blessed little support from the Department of Defense and the services last year. So I just wanted to make that little statement for the record.

We are way over our time here. It has been a good panel here this morning. There are some other areas we may want to submit questions to you on. I have quite a few questions left, and they are on the sale of alcohol on the bases, whether it should be bought locally; the upcoming sixth quadrennial review of military compensation; the housing allowance; women in the military; and the selected reenlistment bonus proposal. These are all things I would appreciate your coming back to us on with questions.

WOMEN IN THE MILITARY

What I would like to ask you, though, before we end this—and I hate to end this because it has been a good session here this morning—is on the women in the military. We have legislation that has been referred to us.

Senators Proxmire and Cohen have introduced a bill that would open the entire combat support sector in the Army, Navy and Air Force to unrestricted assignment of women. I do want to get your opinion on that as briefly as you can make it, gentlemen, because we are out of time and I have another panel yet to go through here as fast as we can this morning.

Dr. Armor, would you start off with that as far as what is the DOD position on that legislation? Have you taken a stand on it yet?

Dr. **Armor**. We are still studying the legislation, but I will say what concerns us most is that the bill does not seem to really change the fundamental issue, which is the combat exclusion policy in the existing statute. It seems to work around the edges and appears to be opening positions up on the grounds that they are not combat related, but in fact I think everybody that knows about combat support in the Army, for examples, knows it is highly combat related.

So it seems to us that the bill suggests an abandonment of the principle without addressing it. We think that if the Congress wants to address abandoning the principle that that is the proper forum. Is it the will of the American people to allow women in combat positions? If it is, then I am sure the Congress will reflect that, but we think that that is the way to approach it rather than obscure the principle.

We think the services have done a very, very good job of reviewing occupations. It is an ongoing process. They have opened all kinds of jobs up, and some of those jobs listed in that bill and some of the examples are really combat related positions. They just have the term "support" in them.

Senator **Glenn**. I tend to agree with you. Combat exclusion is probably the way to approach it rather than job specific.

General Elton.

General **Elton**. Sir, the Army, as you are well aware, does not have any kind of a statute to fall back upon in determining its policy. We have what has been devised over the years as the direct combat coding, in which every position in the battle area has been coded based upon whether or not women should be authorized to serve in that.

We have reviewed this twice now since 1983. Our Secretary of the Army has been personally involved with it and has recently made some changes but reaffirmed this policy as one which we believe follows the intent of the Congress.

I agree with Dr. Armor that if that intent has been changed then we will have to let that be thrashed out over here, but we think we have provided tremendous opportunities for young women and continue to do so shy of direct combat.

Admiral DISHER. Mr. Chairman, the legislation as it applies to the logistic support ships, particularly combat logistic ships, we feel, presents a problem to us in regard to Title 10. We had previously changed the assignment coding of 21 of——

Senator GLENN. Is Title 10 the combat exclusion?

Admiral DISHER. Yes, sir. Twenty-one of the ships do not steam normally with the battle group, and we endeavor to keep them out of harm's way, but we have 37 combat logistic ships which steam with the battle group that place women in combat.

Senator GLENN. General Hickey.

General HICKEY. Yes, sir, we are much the same. As a matter of fact, there is some specific wording in the current law before the Senate which talks about the reconnaissance, and that is one of our prime concerns because tactical reconnaissance is—as you are well aware, we lost 169 reconnaissance aircraft in Southeast Asia and some 35 in tactical airlift, so that it is kind of confusing to us.

If it is the intent of Congress to protect women from the threat of hostile fire and from capture, and we think that it is, then those do not fit into this process at all. Otherwise, we do not need a combat exclusion.

Senator GLENN. General Cheatham.

General CHEATHAM. We still support the combat exclusion as presently written. Right now I think we are doing just about as good as we possible could with the women marines. We have only four occupational fields that they cannot operate in right now. I think it should remain the way it is.

Senator GLENN. What is the total number of MOSs?

General CHEATHAM. It is in excess of about 300.

Senator GLENN. What are those four?

General CHEATHAM. Infantry, artillery, armor, and I cannot remember the other one but it is an associate, probably combat engineers.

Senator GLENN. Probably pilots.

General CHEATHAM. Pilots, yes, sir.

Senator GLENN. OK, gentlemen, thank you. It has been good, and I would appreciate it if you would answer the questions in writing for us if we submit them to you in these other areas that I indicated, and that will also be included in the record.

Next up this morning is our second panel, Dr. Neil Singer, Deputy Assistant Director, National Security Division of the Congressional Budget Office.

Dr. Singer, welcome. We appreciate your forebearance in waiting this long this morning. I am sorry that you had to wait. We got into a lot of different things this morning, as you heard. We will be as rapid as we can here.

I would like to have any summary you might wish to make of your testimony, and then I will ask the questions after that.

STATEMENT OF DR. NEIL SINGER, DEPUTY ASSISTANT DIRECTOR, NATIONAL SECURITY DIVISION, CONGRESSIONAL BUDGET OFFICE, ACCOMPANIED BY CHRISTIAN FREDERIKSEN

Dr. SINGER. Thank you, Mr. Chairman. I would like to introduce Mr. Christian Frederiksen, my colleague at the Congressional Budget Office who has worked with me on this issue and this testimony.

Senator GLENN. Welcome.

Dr. SINGER. In the interest of time and since the committee, yourself, and the other members on the staff have had time to see this testimony before, I will just skip to the very last section and state the points that I think we have learned so far in our analysis of this issue.

My prepared statement centers on what we know about the costs and effects of the new GI bill test program and what we hope to learn in the course of analyzing new data that are only now becoming available.

We know that the test program has proved to be more popular among active duty recruits than CBO originally anticipated. This factor has been incorporated in our cost estimates.

We hope to learn as well whether the rates of user benefits will be higher than CBO has anticipated. If they will be, then the cost of the active duty program will be above CBO's current estimate.

Our analysis will also indicate whether the net recruiting effect of the new GI bill will be stronger than our original estimate. If it is, then the higher-than-anticipated cost of the program could be balanced by a larger-than-projected improvement in force manning.

We know that the use of benefits among reservists has been higher than we expected, so the cost of the reserve benefit will be above CBO's initial and still current estimate. Our analysis, currently ongoing, will study whether these benefits have attracted many new reservists to enlist or reenlist for 6-year terms. If they have, then the program might be an attractive way to achieve goals for reserve manpower as well as an attractive benefit for the reservists themselves.

[The prepared statement of Dr. Singer follows:]

PREPARED STATEMENT OF NEIL M. SINGER

DEPUTY ASSISTANT DIRECTOR, NATIONAL SECURITY DIVISION
CONGRESSIONAL BUDGET OFFICE

Mr. Chairman, I am very pleased to appear before your committee today to testify about the costs and effectiveness of the "New GI Bill" test program and its companion program, the Army College Fund. The realities of the budget process require that you decide soon whether to continue the test program beyond its currently scheduled expiration date of June 1988. The test program, however, has been in effect for a little less than two of the three years for which it was authorized, and we in the Congressional Budget Office (CBO) have been unable as yet to complete our analysis of it. Thus, the evaluation that I will present today will have to be preliminary and largely qualitative.

Even if the program were complete and sufficient time had elapsed for us to analyze fully the data on cost and manpower effects, the evaluation of the New GI Bill would still be a complex task. The test program affects active-duty and reserve personnel in all four services. To date, CBO has been able to develop data on only two groups of active-duty beneficiaries and only two of the six reserve components. Neither CBO, the military services, the Department of Defense (DoD), the Veterans Administration (VA), the Office of Management and Budget (OMB), nor private contractors have yet conducted a thorough evaluation of the New GI Bill. No such evaluation is possible without more complete and more accurate data than currently exist.

My testimony today begins with a brief recapitulation of the principal features of the new program and our previous estimates of its costs and effects on recruiting. I will then discuss the likely effects of updating those estimates and our methods of doing so. I will also indicate what we can say about the program with some confidence and what we are unsure about.

PRINCIPAL FEATURES OF THE NEW GI BILL

The three-year test program that took effect on July 1, 1985, replaced the Veterans' Educational Assistance Program (VEAP), which in turn had been the successor to the old GI Bill (Chapter 34). The basic version of VEAP was a contributory, elective program that offered a maximum education benefit of $5,400 (plus members' own contributions). In contrast, the old GI Bill was noncontributory, nonelective, and offered benefits of as much as $17,000 (for a veteran in school full-time, with no dependents). The Army College Fund, tested in 1981 and introduced nationwide in 1982, was an addition to VEAP that raised the benefit amount by $8,000 to $12,000 (depending on length of enlistment) for qualifying participants--that is, new service members with high-school diplomas who scored above average on the Armed Forces Qualification Test and agreed to serve in hard-to-fill Army occupations.

The New GI Bill borrowed from the old GI Bill, VEAP, and the Army College Fund. Under the new program, eligibility for benefits is restricted to high-school graduates (or equivalent) who are honorably discharged from service. Eligible active-duty members may elect to participate in the program by agreeing to forgo $1,200 in pay during their first 12 months of service; in return, they are entitled to receive up to $10,800 in educational assistance. Under the new program, participants may still be eligible for the Army College Fund, which currently offers additional benefits of up to $14,400 to qualifying Army participants.

The New GI Bill differs from its predecessors by offering a benefit for Selected Reserve personnel who have no active-duty service. Unlike the active-duty program, the reserve benefit does not require a reduction in the service member's pay. A further difference is that funding for the current program is shared by the VA and DoD, with DoD funds appropriated on an accrual basis (that is, sufficient funds are set aside each year to pay long-run costs). A comparison of the principal features of the three programs appears in Table 1.

TABLE 1. COMPARISON OF BASIC EDUCATION BENEFIT PLANS FOR ALL MILITARY SERVICES[a]

	Chapter 34	VEAP	New GI Bill
Eligibility	Automatic	Elective	Elective
Member's Payment	None	Up to $2,700	$1,200 (active-duty only)
Basic Benefits	Varying, up to $20,000	Twice member's contribution	$10,800 (including forgone pay)
Army College Fund	No	High-quality recruits in critical skills	Same as VEAP
Maximum Benefit	$17,000 (no-dependents rate)	$22,100 for three-year enlistment	$25,200 for three-year enlistment
Reserve Benefit	None	None	$5,040 for six-year enlistees or reenlistees
Funding	All VA	Originally all VA; after 1981, all DoD	VA funds basic benefit; DoD funds all else as accruals

SOURCE: Congressional Budget Office

a. Army College Fund benefits are available only to selected Army personnel.

CBO'S EVALUATION OF THE NEW GI BILL

Both CBO's cost estimates and its recruiting projections depend chiefly on two factors: the portion of service members who participate in the new program (the participation rate), and the fraction of their entitlement that participants use (the rate of use of benefits). CBO's original cost estimate of the New GI Bill was prepared in 1984, when the program was enacted. CBO based its estimate on the best information then available: active-duty participation in VEAP, and veterans' use of benefits under the old GI Bill.

Participation Rates

According to CBO's original estimates, 45 percent of those eligible for the Army College Fund and 14 percent of members eligible only for New GI Bill basic benefits would choose to participate. Experience with the New GI Bill has shown that these original estimates were too low. During fiscal year 1986, actual participation under the New GI Bill averaged 89 percent among active-duty personnel eligible for the Army College Fund, and 54 percent among those not eligible for the additional benefits.

This actual experience under the test program has been incorporated into the CBO baseline cost estimate. CBO initially anticipated that DoD's share of the funding would require appropriations for accrual costs of an average of about $145 million (in nominal dollars) in each of the three years of the test program. DoD's share included the cost of the Selected Reserve program, projected at $50 million annually on an accrual basis. The VA's annual share of costs, which was not required to be funded on an accrual basis, was estimated to rise to about $165 million. These costs would be partially offset by pay reductions of some $50 million annually for participating members.

As the result of revisions in the estimated participation rates, CBO now projects DoD accruals at an annual average of about $230 million for as long as the New GI Bill continues in its present form. Because there is no participation rate for reservists analogous to that for active-duty personnel, the estimated cost of the reserve program has not been changed. VA outlays are now projected to rise to about $250 million for current program participants. The estimate of offsetting pay reductions, however, has increased to $185 million annually as a consequence of the high active-duty participation rates.

CBO has not yet revised the original estimate of the effects of the New GI Bill on recruiting and retention. Net active-duty recruiting was projected to increase by 1,900 new high-quality Army service members (most of whom would be eligible for the Army College Fund) and an additional 500 new high-quality members in the other services. 1/ The cost per additional high-quality active-duty recruit was estimated in 1984 at $100,000, lower than CBO's estimates of up to $200,000 per recruit under some broader-based education benefit plans but considerably higher than the $20,000 to $35,000 cost per recruit of using additional recruiters, advertising, or bonuses.

Rates of Benefits Use

The costs and recruiting effects of the New GI Bill would change if the use of benefits is different from what CBO has previously estimated. CBO's projections have been derived largely from data on the use of benefits by those service members eligible for the old GI Bill who separated from service between 1968 and 1984. These data, compiled with the assistance of

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1. That is, male non-prior service, high-school graduate accessions who score above the median (50) on the Armed Forces Qualification Test.

the Veterans Administration, represented the only information available until recently on post-service use of military education benefits. Because of the differences between the old GI Bill and the test program, however, use of benefits by veterans eligible for the old GI Bill might be expected to be either lower or higher than that of new GI Bill participants on active duty. These differences include:

- Eligibility for the old GI Bill extended to all veterans who successfully completed two years of service--including many who had no intention of pursuing further education. The New GI Bill, by requiring members to forgo $1,200 in return for participation, should tend to restrict eligibility to those seriously interested in using their benefits.

- The New GI Bill requires recruits who do not wish to participate in the program to sign a waiver of benefits; all those who do not sign the waiver are enrolled as participants. This procedure may tend to overstate the true intentions of recruits to use education benefits.

- Many of the veterans eligible for the old GI Bill were draftees or draft-motivated volunteers who had civilian careers to return to after military service. In today's all-volunteer military, fewer veterans have their civilian careers interrupted by service, and those leaving service might therefore be more likely to pursue further education.

- On the other hand, the draft-era military included a higher proportion of college students and college-bound youth than today's forces. Upon completion of service, these college-motivated veterans might have been more likely to use their GI Bill benefits.

- Eligibility for the old GI Bill applied to all veterans, regardless of previous education or aptitude. Under the New GI Bill and Army College Fund, the largest benefits accrue to the service members scoring highest on the military entrance test. These members are presumably the ones most likely to benefit from higher education and thus can be expected to have higher-than-average use rates.

- Basic benefit levels under the New GI Bill are lower than under the older program, even if members' forgone pay is included in the entitlement amount. CBO's estimates of rates of use may not have controlled adequately for the negative influence of these lower benefits upon veterans' decisions to pursue post-service education.

Under the old GI Bill, an average of approximately 65 percent of those eligible for benefits actually chose to use any of their benefits, and those who did used an average of some 40 percent of their entitlements. Thus, overall use of benefits averaged only 25 percent to 30 percent of total entitlements. On balance, veterans who elect to become eligible for benefits under the test program probably should be expected to use a higher percentage of their entitlement than those eligible for the old GI Bill used. CBO's estimate of the cost of the test program, which has been based on the use of benefits under the old GI Bill, may accordingly be too low.

If the costs of the New GI Bill differ from earlier CBO estimates, it is likely that the net recruiting effects of the test program will also differ. The reason is that the recruiting effects depend critically on the value of benefits, which in turn reflects the extent to which participants expect to use their entitlements. If CBO's earlier estimates of the use of benefits prove to be too low, then so will the estimates of net recruiting.

CBO's estimates of cost and effectiveness might also change for Chapter 106, the benefit program for members of the Selected Reserve. Experience to date with Chapter 106 indicates that CBO's original cost estimate may have been too low. Actual payments by VA to Chapter 106 beneficiaries in fiscal year 1986 totaled over $24 million, but CBO's original cost estimate did not project outlays of $24 million until fiscal year 1990.

Chapter 106 differs from other military education benefits in important ways: benefit levels are different; reservists do not have to contribute; eligibility is elective, based on the length of the reservist's service commitment; and reservists can use their entitlements either immediately (if they are reenlistees) or within six months (if they are new enlistees). Since there was no reserve benefit under any previous education benefit program, CBO's original cost estimate had to rely on assumed or projected patterns of use of benefits by reservists. But the higher-than-projected outlays to date suggest that more of the unique features of the Chapter 106 program need to be incorporated explicitly into our estimate of its cost.

ESTIMATING PROGRAM COST

CBO has reestimated the costs of the New GI Bill to reflect actual participation and is currently engaged in further reestimates of the test program's costs and manpower effects. I have just noted some of the likely results of this effort. I will turn now to a discussion of some aspects of our approach, to indicate both the complexity of the problem and why it is so difficult to draw any conclusions at this time about the merits of the New GI Bill.

Active-Duty Personnel

With the help of the Veterans Administration and the Army Recruiting Command, CBO has compiled data on the use of benefits by Army VEAP participants, including both those participating only in basic VEAP and those eligible for the Army College Fund as well. Data were available for two- and three-year active-duty enlistees who entered service in 1982 and two-year enlistees from 1983. Although only one to two years' worth of data on the use of VEAP benefits could be compiled, this information is probably the best basis currently available for projecting future use of New GI Bill benefits.

Nevertheless, the available data have severe shortcomings: they do not address later use of benefits by the 1982 and 1983 enlistees; they do not indicate how members with longer service commitments--four years in the Army, or up to six years in the Navy and Air Force--will use their benefits; and they do not show how use might decline as the real value of benefits erodes. Data that would address these additional issues will only become available with the passage of time.

To mitigate these problems, CBO is attempting to pool the data on newly separated VEAP participants with the observed use of benefits under the old GI Bill. The data on veterans who used their old GI Bill benefits showed that their use of benefits typically began within two years after separation. The likelihood of use declined with the length of time since separation from service and with the age of the veteran. Our earlier analysis of Chapter 34 beneficiaries also found that use was positively correlated with the real (inflation-adjusted) value of benefits and the unemployment rate.

CBO intends to use these patterns of use of old GI Bill benefits to project use by VEAP participants beyond the two-year period of the data, controlling statistically for differences between VEAP and the New GI Bill. Based on some of the factors discussed earlier, we anticipate that VEAP participants will use a higher percentage of their benefits than did veterans eligible for old GI Bill benefits. Overall, the estimated pattern of use will be consistent with both the current behavior of VEAP participants and the historical experience under the old GI Bill.

Estimates derived from analyzing the use of VEAP benefits are not a perfect basis for projecting the costs and effects of the New GI Bill. CBO will need to control for differences in benefit levels, the availability of refunds under VEAP, the negative waiver of benefits instead of the positive decision to participate, and demographic differences, among other factors. Nonetheless, similarities between the New GI Bill and VEAP seem greater, on balance, than those between the test program and the old GI Bill.

Reserve Personnel

Reservists who otherwise qualify for Chapter 106 benefits must elect to become eligible by agreeing to six-year terms of (initial or extended) service. 2/ Because extenders are able to use their Chapter 106 benefits immediately and new entrants must wait only six months, we can already begin to tabulate actual experience under the New GI Bill as a basis for

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2. That is, they are high-school graduates who do not intend to use benefits for post-graduate education, and who have not received military academy or ROTC training.

projecting program cost and recruiting effects. Unfortunately, data are not available for all components because of shortcomings in personnel records.

In consultation with CBO, the Defense Manpower Data Center is compiling data on eligible members of the Air National Guard and the Air Force Reserve. The use of benefits by reservists will be tabulated separately for officer and enlisted personnel, for new entrants and those who extended their commitments, and for personnel in each of the two Air Force components. For each group, actual experience under Chapter 106 will be used to estimate an equilibrium or steady-state program cost.

Extrapolations to Other Services

Although data currently are available only for Army active-duty VEAP participants and Air Force reserve component personnel, the experience of these groups provides a basis for projecting the use of benefits by other groups of eligible service members. Under present DoD practices, no service other than the Army offers significant enhancements to the basic education benefits of the New GI Bill. 3/ Therefore, the Army data on basic VEAP participation will provide the basis for estimating the use of benefits by the other services' VEAP participants. For reservists, projections of use by members of the non-Air Force components will be based on the Air Force data.

EFFECTS ON RECRUITING AND RETENTION

In its previous analyses, CBO estimated the effect of education benefits on recruiting by calculating the value that the benefits will have to the typical

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3. The Navy's Sea College program, begun in fiscal year 1986, includes restrictions that have limited eligibility to comparatively few service members.

potential enlistee. The present value of benefits was assumed to influence the enlistment decision in the same way as an increase in pay or bonuses. That is, a pay increase that recruits could save was assumed to be equally as valuable as the same present value amount of education benefits.

This methodology has yielded plausible estimates of the recruiting effects of both basic VEAP and the Army College Fund. The present value of basic VEAP, net of the member's own contribution and forgone interest, was close to zero under most interest rate assumptions. Thus, CBO projected little recruiting impact for the basic VEAP program, which was consistent with the observed relatively low enrollment and high disenrollment rates. In contrast, basic VEAP plus the Army College Fund had a significant net present value, and both projected and actual participation rates proved to be much higher than for the basic program.

An alternative estimate of the recruiting effects of education benefits is available from the results of the 1981 Educational Assistance Test Program (EATP). This Congressionally mandated test compared the effects of four different education benefit programs, including the Army College Fund. Subsequent evaluations by DoD concluded that the Army College Fund added approximately 9 percent more high-quality recruits to the Army's accession pool, without reducing the number of high-quality recruits in the other services.

CBO will combine the results of this test with our analysis of the use of benefits by VEAP participants as a basis for reestimating the active-duty recruiting effects of the New GI Bill test program. The new estimate will take into account the extent to which education benefits encourage service members to leave in order to make full use of their entitlements. If projected use of benefits proves to be higher than previously anticipated, the value to members and therefore the net recruiting effect will also be higher.

For reserve personnel, the estimate of the manpower effects of the Chapter 106 program must be inferred from observed changes in accession and retention. After comparing the numbers of six-year entrants and extenders before and after the inception of the test program, CBO will adjust for changes in pay, personnel pools, recruiting resources, and the state of the economy. On the basis of DoD's Congressional testimony about reserve recruiting, it appears that the Chapter 106 program has increased six-year enlistments by roughly two percentage points during the first 15 months of the program, before adjustments for these other factors. No information has become available about the effect of Chapter 106 on six-year reenlistments or extensions.

CONCLUSION

Mr. Chairman, my testimony today has centered on what we know about the costs and effects of the New GI Bill test program, and what we hope to learn in the course of analyzing the limited data that are only now becoming available.

We know that the test program has proved to be more popular among active-duty recruits than CBO originally anticipated. This factor has been incorporated in our cost estimates. We hope to learn as well whether rates of use of benefits will be higher than CBO has anticipated. If they will be, then the cost of the active-duty program could be above CBO's current estimate.

Our analysis will also indicate whether the net recruiting effect of the New GI Bill will be stronger than CBO's initial estimate. If it is, then the higher-than-anticipated cost of the program would be balanced by a larger-than-projected improvement in manning our forces.

We know that the use of benefits among reservists has been higher than expected, so that the cost of the reserve benefit will be above CBO's initial estimate. Our analysis will study whether these benefits have attracted many new reservists to enlist or reenlist for six-year terms. If they have, then the program might be an attractive way to achieve goals for reserve manpower, as well as an attractive benefit for reservists.

I regret that we have not completed updating our estimates for your use in evaluating the New GI Bill at this time, especially since our results may well suggest that the program is both more costly and more effective than previously estimated. Nor are updated analyses available from the Administration and the military services, which have based their estimates on the same information available to CBO. Conclusions about the merits of the New GI Bill will become clearer only with time. Only then can we obtain information on how active-duty veterans use their entitlements and on how the decisions reservists make about accession and retention are affected by the availability of education benefits.

RECRUITING AND RETENTION COSTS

Senator GLENN. We can expect to receive the report on the effect of the program on recruiting and retention on costs?

Dr. SINGER. I hope, Senator, that we will have our analysis of data currently in our possession completed by the time of our baseline revision in early summer. That would be our report, but it is by no means the last word on this issue because we will continue to improve our estimate data as more data become available.

For example, we currently are in possession of data on the experience or participants of certain Army educational benefits. We hope to supplement those data with more years of information about those people and also with data on the experience of participants in the other services, which we do not have in our possession at this point.

We also have in process some data from the Defense Manpower Data Center. They have been working on it for a month or so and have had predictible difficulties in building data bases. When we have that, we will analyze that as well.

In other words, we will give you the best we have, and I hope that we will have some revisions by, say, July 1, but it will be by no means our final estimate.

Senator GLENN. Whatever you can give us at an earlier time on that we would appreciate, because of course we are going to be in the markup and considering these issues and what we are going to do about them right away.

Dr. SINGER. Yes, sir. I understand.

Senator GLENN. We have that before us now, and so that is the reason we wanted you to appear this morning and give us sort of overview on this.

Dr. SINGER. I appreciate that. The problem that we face is that we just have not had enough time under this program to obtain adequate data with which to evaluate it.

Senator GLENN. In your statement, you indicate that the cost for additional high quality recruits was originally estimated at $100,000. Do you have any revised figure that is consistent with your revised estimates of the program costs?

Dr. SINGER. No, sir, we do not. Based upon the comments that Dr. Armor made earlier, with most of which I concur, I would be surprised if the cost turned out to be very different from our earlier estimate. It could be a little lower. It could be that the program is more attractive to recruits than our previous analysis indicates. On balance I think that the higher costs that I foresee will largely offset what I predict to be the effect of higher recruiting.

Senator GLENN. In your original estimate of the cost, which I gather you are saying is a little uncertain yet until you complete the rest of the study here, by what percent did you miss your original estimate of the cost on the program and what are the implications of the revised cost figures? Could you give us any feeling for that?

Dr. SINGER. We originally estimated that the program would cost $250 million in round numbers, and we are now projecting that the cost of continuing the program would be about $350 million.

I do not want to characterize that $350 million as a steady state cost. Our baseline projection anticipated that the outlays for the program will continue to increase beyond 1992, which is the last year of our projection.

I think it is fair to say that we understated the cost by some significant amount. The jury is not in yet, and the data are not available to tell us by how much we underestimated it.

Senator GLENN. Dr. Armor said $5 million this morning. Is that right?

Dr. SINGER. It is a little higher than we got. I would not say it is out of the question. He says steady state. Steady state is presumably well beyond 1992, by which time our estimate of budget authority goes up to $350 million, so it could in fact approach his number.

Senator GLENN. Participation usage rates obviously have a very significant effect on the cost of the basic portion of the program. For example, if the participation rate is high but the usage rate is low, the amount of contributions would offset the cost. What is your preliminary estimate of the net cost of the basic portion of the program?

Dr. SINGER. CBO's baseline estimate has the pay offsets—the reductions in pay for participants in the basic portion of the program—at about $185 million a year, more or less, in steady state.

The outlays for that program are of the order of $230 or $250 million. So the net cost of the basic program, according to these calculations, is of the order of $50 million to $75 million a year. I think that that number may rise as the number of program participants increases, but I still don't think that our estimate of that portion of the program is that it is a budget buster. Of course, if that is not a very expensive program, it is not worth very much to the participants, and therefore it is not going to be very dramatic as a recruiting incentive. It is that finding or that approach that underlines our earlier estimates that the basic program would attract 500 to 1,000 additional high quality recruits into all the services. Again, that is not a very dramatic effect.

RESTRUCTURING GI BILL PROGRAM

Senator GLENN. What is your opinion of the DOD proposal to restructure the program and have the entire program funded by DOD as opposed to VA. Do you have any opinion on that?

Dr. SINGER. The funding issue is not really something that we are qualified to comment on. As far as the restructuring, I think that the earlier studies of education benefits, the ones that Dr. Armor referred to in his testimony and with which I am sure you and the members of the staff are intimately familiar, suggested that the way that DOD wants to change things is consistent with the results of earlier tests—that is, the more you target and the less you pay across the board the more efficient your program will be; the more people you will attract per dollar, and the more successful you will be in getting those people to serve in the services and skills or occupations in which you really need time.

Senator GLENN. Do you think we know enough about the program with the experience we have had so far to make it a permanent program?

Dr. SINGER. Sir, we know virtually nothing about the program aside from the fact that it has been attractive to potential enrollees. We know that participation on the active side has been considerably higher than we thought it would be—two or three times as high. We do not know anything at all about the rates at which eligible participants will use their benefits. We know on the Reserve side that the costs of the program have increased more rapidly than we thought they would, and that suggests that the program is being used more extensively by reservists. Whether or not that translates into an increase in Reserve enlistments and reenlistments we do not know yet. So I think, my direct answer would be no, we do not know enough at this point to analyze the effects of the program. As I said in my statement, we cannot judge at this time the merits of the new GI bill.

Senator GLENN. We have legislation before us, as you know, that would extend it, make it permanent.

Dr. SINGER. Yes, sir.

Senator GLENN. To make it permanent now, I had originally felt, and probably still do, that we would be better advised to have a little more experience, extend it for another 3 years, and by that time we will have at least somewhat of a track record on what is happening with it. On the other hand, I weigh that against my hope that we can—I have no doubt that it helps in recruiting. And I have no doubt that it makes more education available for young people, which from wherever the source is good. We know the tremendous impact the GI bill had on the post-World War II economy of the United States once all these people got an education, got out, and were fed back into the mainstream of things, and it was of tramendous benefit. It has been given a lot of credit for some of the better years we have had since then, as a matter of fact. So I look at it that way and want to go for it that way, but I guess I would feel a little more comfortable if we had a better track record and a handle on the costs. On the other hand, I can turn my hat right around again and say, well, whatever the cost now it is going to benefit us more as a society, long-term, whatever we spend on it now, and it is going to be cheaper now than later. So we might as well make this permanent and get on with it.

So I am of mixed mind on this, obviously, but there is no doubt that it is good for recruiting. I think it is harmful on retention, however, because people come in to get a benefit then get out and take advantage of it. So maybe we do need some modification where if people stay in they get benefits for staying in that compensates them to some extent.

There may be some changes like that we should make. I do not think you looked into any of the nuances of it, did you, in particular?

Dr. SINGER. Our previous analysis looked specifically at the incentives that education benefits give members to leave service at the end of their initial tours rather than reenlisting. There have been a number of studies of that point, and they generally conclude that the separation incentive is of the order of 5 to 10 percentage points off the first-term reenlistment rate—that is, you lose about 10 to 15 percent of the people whom you should otherwise keep because they are induced to leave in order to take advantage of these benefits.

The magnitude of the separation incentive is, of course, proportional to the likelihood that members are going to use their benefits. The more likely they are to use them, the more they are going to feel the need to get out of service in order to take advantage. As I have said in my prepared statement, we do not know anything at all at this point about the likely use of benefits by members under the current program, and therefore we really do not have any basis at all for judging the extent to which there will be a separation incentive under the new program. But if the rest of my statement is right on the point that the use of benefits would probably be higher than we have projected in the past, then I think that suggests the separation incentive would also be higher, and that would tend to offset more of the recruiting effects of this program, making it perhaps less cost effective than you might otherwise think.

Senator GLENN. What I thought, which is indefinable at this point, was that you will have some people that come in thinking—I am going to get in, serve a hitch, take advantage of the GI bill and get out. Well, they get in, they find out they like the military and they want to stay in and become a regular. And I believe that, just as they got in under one incentive and then decided they wanted to change directions, I would think at least it would be rational that at least a portion of what would have been money for education could not go as sort of a bonus to them. Possible at the end of their career when they are mustered out of the service for whatever reason. Maybe it becomes a lump sump payment during a readjustment at the end of their career, something like that. I do not know that it would necessarily be in the same amount as the educational benefits would have been. But it seems to me there should be something there if they decide the military is for them so that they are not completely penalized on the original concept for which they got in.

Thank you very much. Other members of the committee may wish to ask questions, and I would request that you submit to us answers in writing, and that will be included in the record for this morning also. Thank you.

[Questions for the hearing record with answers supplied, follow:]

Questions Submitted by Senator Pete Wilson

MANPOWER REQUIREMENTS REPORT

Senator Wilson. Dr. Armor, by law, the Secretary of Defense is required to deliver to Congress, not later than February 15 of each year, a report fully justifying the annual manpower request. This is the so-called Manpower Requirements Report.

This year, that law has not been complied with as the committee still has not received this important statutory report. I have heard reports this document is being intentionally delayed.

Would you advise the committee why the report has not been delivered as required? What is holding it up, and when will it be delivered?

Dr. Armor. As explained in my letter of February 13, 1987, to the Chairman of the Armed Services Committee, numerous computer problems, compounded by the work time lost due to the periods of inclement weather that occurred in that time frame, made it impossible to submit a completed document by February 15, 1987. We were finally able to effect delivery on March 12, 1987. We are unable to explain why internal distribution was not completed, but we were able to establish March 18, 1987 as the day the report was officially acknowledged for by the Chief Clerk of the committee.

MILITARY PAY

Senator Wilson. The President has requested a 4% pay raise in Fiscal Year 1988 and 4.3% pay raise on Fiscal Year 1989. The Department indicates that military pay lags behind comparable civilian pay by 9.4% and that these two raises will not close this gap. The Fiscal Year 1988 raise, effective only 9 months of that year and not the full year, will cost more than $2 billion.

My question to each of you is just how important, in the scheme of the manpower budget request, is this pay raise in Fiscal Year 1988?

NAVY

Admiral Disher. The requested pay raise is an integral part of the total manpower budget request. A competitive compensation package is vital to our ability to recruit and retain the quantity and, most importantly, quality personnel that both Navy and private industry seek. Thanks to your efforts, basic military compensation has kept pace with inflation (measured by CPI) over the past few years. However, raises in military pay have not kept pace with civilian wage growth. We now estimate we have fallen 9.4% behind the civilian sector. This is a greater disparity than existed during the poor retention climate of the 70's, and we are beginning to see many of our most technically qualified and therefore most employable personnel opt for civilian life. A minimum 4% raise effective 1 January 1988 and a Fiscal Year 1989 4.3% raise is needed to prevent further increase in the military-private sector wage gap.

AIR FORCE

General **Hickey**. The 4 percent pay raise recommended for fiscal year 1988 is a vital factor in maintaining our retention momentum. Consequently, it is and will remain one of our top priorities. We are deeply concerned about the five consecutive pay caps (fiscal year 1983–fiscal 1987) and the resulting gap between military and private sector pay. Although military pay has kept pace with inflation, it has not matched the real, or above inflation, increases earned by the private sector. A sharp increase in inflation that reduces purchasing power, coupled with improved employment opportunities, could trigger a rapid decline in retention. We cannot afford to run the risk of perpetuating the pay cap syndrome. There are significant downside risks on force readiness, and we must avoid the same tragic consequences caused by the pay cap policy of the late 1970s.

ARMY

General **Elton**. Any raise of less than 4 percent risks the possibility that military pay may not keep peace with inflation. Even with a 4 percent raise, it again appears that military pay may fall another fraction against comparability with the civilian or private sector—a difference which has grown to 9.4 percent since fiscal year 1982. We view the loss of comparability as a major source of our soldiers' dissatisfaction with military pay. Should inflation increase and exceed our raise, the combination of the loss of purchasing power and the increasing pay comparability gap could adversely impact on our ability to retain highly qualified, experienced soldiers. In the first half of fiscal year 1987, the objective for mid-career reenlistees, those with 6–10 years of service, has not been achieved. We envision that failure to provide an adequate, competitive pay raise will exacerbate the reenlistment problem and its associated adverse impact on readiness.

MARINE CORPS

General **Cheatham**. Maintaining the quality that the Marine Corps has today is a must. If we are to meet our manpower requirements in terms of quality and quantity then we must set military pay at comparable levels with the civilian sector. The fiscal year 1988 pay raise helps us achieve our goals.

Senator **Wilson**. If the Congress decides it must reduce the defense budget request, and as a result the manpower budget must also be reduced, would the pay raise be the last thing each of you would recommend be reduced? If not, what part of your manpower request is more important than the pay raise?

NAVY

Admiral **Disher**. As I previously stated the requested pay raise is a key element in our total manpower program. Other elements include endstrength growth required to man new ships, funding of our special pays and bonuses, improvements in travel and transportation allowances, and improvements to our family housing program. Reductions or elimination of any of these elements weakens our ability to reach our personnel goals and hinders our ability to carry out the Navy's mission.

AIR FORCE

General **Hickey**. The pay raise is a high priority. In the pay area, we have seen an ever-widening gap between military pay and private sector wage growth. However, we have not seen any significant adverse reaction yet since the buying power of our people has remained relatively stable. If high inflation returns, our military members will be the first to feel and suffer its effects. We must have the pay raise to avoid the same mistakes of the late 1970's. All elements of our request are extremely important to effective force management. If you must reduce our manpower budget request, programmatic manpower reductions should be made to accompany programmatic reductions in the missions you task us to accomplish. Without programmatic mission changes to reduce manpower funding requirements, we are accomplishing our mission at the expense of our people. We have already asked our people to bear a disproportionate burden in reducing manpower expenses. We don't want the dam to break as it did in 1978.

ARMY

General **Elton**. The manpower budget request is a balanced package of programs which, in total, supports the Army's efforts to attract and retain the best soldiers.

We must emphasize the request is not a disjointed compilation of individual elements which lend themselves to a convenient hierarchy. To attract persons with the necessary skills and intelligence levels, a variety of proven enlistment incentives are essential. To retain a quality force, our pay must achieve reasonable comparability with the civilian, or private, sector. Housing facilities, health care, post exchanges, family support activities, and a wide range of additional programs are essential to address the needs of our soldiers and their families.

Each program works in concert with the others, not independently. We recognize this interdependence when we construct our request by balancing the programs, within budgetary guidance, to achieve overall manpower objectives. We cannot, therefore, identify so-called lower priority items which can be deleted in their entirety.

MARINE CORPS

General CHEATHAM. Our fiscal year 1988 manpower budget request is structured to meet our manpower requirements in terms of quality and quantity. I would hope that our budget would be approved intact so that we can achieve our requirements. Setting military pay at comparable levels with the civilian sector is the first step in meeting our goals. The fiscal year 1988 pay raise helps us do this. Therefore, the pay raise should be the last to be reduced.

Senator WILSON. To the Deputy Chiefs of Personnel: What is your personal opinion about the level of concern, mistrust, frustration, or however, you wish to describe it, about the level of basic pay among your enlisted personnel in the field? Recent visits by Committee staff with personnel in the field found the level of basic pay to be the most often expressed concern of those personnel. Do you agree with the observations?

NAVY

Admiral DISHER. In my opinion recent changes to military compensation including less than requested pay raises, changes to the retirement system and reduction to the Temporary Lodging Expense (TLE), have created an atmosphere of apprehension and uncertainty among our sailors. Many perceive of that there is an ongoing erosion to their pay and benefits and are looking seriously at employment in the civilian sector. We see this in the results of our Separation and Retention questionnaire where the "pay is too low" response has steadily moved up the list as a reason for leaving the service. Additional in 1986, "fear of losing retirement benefits" displaced family separation as the primary reason that senior Navy enlisted personnel were dissatisfied with Navy careers. They are afraid that the Congress will make further changes to the retirement system or to other military benefits and not include a "grandfathering" clause.

Senator WILSON. Now that the GI Bill seems to be working so well, at least as a recruiting tool, would you support targeting a pay raise away from very junior personnel and toward the career force? If not, why not?

Admiral DISHER. We need the requested across the board pay raise to remain competitive with the civilian sector and to maintain the purchasing power of our personnel. Targeting a raise to our career force at the expense of our most junior sailors would hurt the people who are in most need of increased pay. In the near term, with a good recruiting climate, we would expect no adverse effects. However, over the long term, targeted pay raises away from junior personnel would adversely affect youth's propensity for enlisting in the service. Targeted raises also create uncertainty among our personnel over who will or will not receive the next raise.

AIR FORCE

General HICKEY. Undoubtedly, all of our military members, not just the enlisted personnel, are concerned and distrubed about the pay raise levels over the past several years. Although the majority of military people who serve are motivated first by patriotism and love of country, they are increasingly concerned about the adequancy of pay since it affects their ability to care for their families. Military pay has keept pace with inflation; however, it has not matched the real, or above inflation, increases earned by private sector workers. Consequently, military people have been denied the rewards of higher productivity enjoyed by their civilian counterparts, and they are becoming increasingly disturbed over the pay differential. Five consecutive pay raises have been below private sector wage growth, and our members need and deserve at least the 4% pay raise recommended for FY88. In addition, the widespread media attention given to the recent Congressional pay increase only reinforces the perception by many military members that Congress fails to recognize their financial hardships.

ARMY

General **Elton**. The committee Staff's observation that the level of basic pay is a matter of concern to our enlisted personnel is shared by the Department of the Army. Our mutual observation can be supported by extensive quantitative research. The Defense Manpower Data Center (DMDC) reported in November 1986 that only 30.1 percent of Army enlisted personnel were satisfied with their pay and allowances (28.0 percent had mixed feelings and 41.8 percent were dissatisfied). What may be of greater concern is the enlisted personnel's perception about military pay and inflation. The DMDC reports that 78.1 percent of our enlisted personnel preceive that military pay will not keep pace with inflation; the higher the pay grade the greater the percentage of agreement with this perception. It would appear that the combination of the documented 9.4 percent loss in military pay comparability with the military sector since FY82 and the perception that military pay will not keep pace with inflation (reinforced by talk of 2.0 percent raise delayed until April 1988) will remain a concern not only to our soldiers, but to their families and to the Army leadership. Further erosion of pay comparability will only increase our soldiers' dissatisfaction and skepticism and may ultimately result in insufficient retention rates of essential personnel.

MARINE CORPS

General **Cheatham**. For all Marines the most important aspect of the quality-of-life is pay—fair compensation for their performance. All Marines are looking for signals from Congress and the American people that their performance of duty and sacrifices are appreciated. Marines are concerned about uncertainty. I am sure your staff was confronted with evidence of a mounting apprehension among Marines and their families about compensation issues on their visits. Every time the Marine or his family hears or reads something about a change in the compensation system their concerns become intensified. Basic pay is probably the most often voiced concern because it is the major element of the regular military compensation. If we are to maintain the quality of Marines we now enjoy, our pay must be set and maintained at a comparable level with the private sector. Since the pay raise of 14 percent in October 1981 (Fiscal Year 1982) we again have started losing ground in comparison to the private sector. Presently, we are trailing the civilian sector by over 9 percent based on the employment cost index. I strongly believe that if we are to continue to meet our manpower requirements, both in terms of quality and quantity, it is imperative that a commitment be made to set and maintain military pay at comparable levels with the civilian sector.

GI BILL

Senator **Wilson**. Now that the GI bill seems to be working so well, at least as a recruiting tool, would you support targeting a pay raise away from very junior personnel and toward the career force? If not, why not?

AIR FORCE

General **Hickey**. Basic pay is the foundation upon which the total military compensation system is built. The only element of compensation received in cash by every Service member, basic pay has always been paid "for services rendered." Although the 4% pay raise recommended for fiscal year 1988 would only reduce the present military-private sector pay gap from 9.4% to approximately 8.8%, it is a much needed and deserved increase for our people. The pay gap exists for all personnel and therefore should be addressed across-the-board.

The concept of targeting is designed to deal with specific skill shortages and problems. Accession and retention problems historically vary both by Service and by skill, not by pay grade and years of service. To counter those problems, we "target" pay through the use of enlistment bonuses, selective reenlistment bonuses, and special and incentive pays.

An across-the-board pay raise supports the concept of unit cohesiveness, rather than damaging morale by increasing the basic pay of some members at the expense of others. All Service members are subject to the difficulties and hazards inherent in military service, and all have endured the recurring pay caps since fiscal year 1983. It is only fair that they should share equally in the 4% military pay raise recommended for fiscal year 1988.

ARMY

General ELTON. The GI bill coupled with the Army College Fund, has been very successful as a recruiting incentive for college-oriented youth. However, it must always be considered that the GI bill is an integral part of a total incentive package which includes all benefits and elements of compensation. Changing one element of the package will impact on the effectiveness of the other elements. Targeting of pay, or giving varying percentage pay raises to different ranks and longevity steps in order to support manpower management objectives might, under the proper condition, be a positive method of changing the total incentive package. However, this does not necessarily imply that pay targeting can or should be used as a budget reduction tool. Support of pay targeting is contingent upon the premise that dollars reduced in one area should be used to enhance other areas. For example, if targeting the pay of the career force is less costly than an across-the-board raise, the realized savings should be applied to other recruiting or retention incentives. Careful study and detailed analysis would be essential before any conclusions could be drawn concerning the overall effectiveness and desirability of targeting pay.

MARINE CORPS

General CHEATHAM. We do not support the targeting of a pay raise despite the success of the GI Bill as an aid to recruiting. We consider the basic benefit of the GI Bill as an integral part of an overall benefits package rather than primarily as a recruiting tool, and believe that the benefits package should be equally available to all. Probably the single most important element of that package is pay. I think the current relationship between grade, responsibility, and pay is about right, and we should use other existing programs, like reelistment bonuses and incentive pays, to target specific groups or skills.

Additionally, I'm concerned abut the ability of our junior Marines to adequately provide for their families if we begin to manipulate basic pay increases. Over the last several years, we've seen an erosion of pay in terms of comparabiity. We need to be particularly sensitive to the effect this has on our junior Marines, and their families.

PILOT ACTIVE DUTY SERVICE COMMITMENTS

Senator WILSON. General Hickey, would you first explain why you believe the Air Force can successfully demand 8 years of obligated service out of pilot training graduates, . . .

General HICKEY. Our studies and surveys show there are a lot of civilian men and women willing to make an extra commitment to become Air Force pilots. Further, we have seen no adverse impacts to the quality or quantity of applicants for pilots training since we announced our increase to a seven-year commitment, which goes into effect this summer.

We believe those pilots who are willing to sign up for the longer obligation of 8 years will feel more committed to the Air Force and will have a greater propensity to stay beyond the initital commitment. The 8-year obligation brings pilots closer yet to consideration for promotion to major, and we have historically seen higher retention rate among officers approaching promotion eligibility.

The high cost and high quality of the pilot training we provide warrants a substantial payback from the graduates. By keeping experienced pilots longer, we realize greater benefits from our training investment.

OBLIGATED SERVICE FOR CERTAIN OFFICER TRAINING

Senator WILSON. General Cheatham, can the Marine Corps successfully require greater obligated services from its pilot graduates? If not, why not?

General CHEATHAM. The Marine Corps can require greater obligated service from pilot graduates if directed to do so. However, the impact of such action upon the Marine Corps must be clearly understood. The ability of the Marine Corps to make a quality cut prior to career status will be lost or, at a minimum, degraded severely. An increase in obligated service may force the Marine Corps to retain pilots who prove to be marginal in their performance of duty for a longer period of time. This could result in decreased combat readiness and safety. Our current obligated service for aviators allows the Marine Corps to take remedial action on these marginal performers before they reach career status and before combat readiness and safety suffer.

The real issue is whether or not there is a need to increase obligated service to ensure retention. The Marine Corps does not have an aviator inventory or retention problem and does not need to increase the obligated service to meet requirements. However, if forced to increase obligated service, we may incur a recruiting problem. We don't have the aviation related recruiting attractions to compete with the other services and may lose some of our attractiveness if all the services have the same obligated service commitment. Each service has unique problems that are best solved by that service.

In summary, our current obligated service allows the inventory to match the requirement and permits us to make a quality cut and pick those we want to retain. The obligated service for aviation contracts offered by the Marine Corps is a significant attraction to prospective applicants. Forcing us to follow the management actions of the other services when we don't share the same retention problems could create problems where they did not previously exist.

AVIATION OFFICER CONTINUATION PAY

Senator **Wilson**. Admiral Disher, as you are aware, the Aviation Officer Continuation Pay (AOCP) program has been controversial since its inception, probably because it was offered to virtually every eligible aviator in the Navy in its early years, including those in aviation communities in which there was significant overmanning.

Through the years, I believe the Congress and the Navy have finally agreed that the single most important factor which causes retention of pilots in the Navy to be more difficult than retaining pilots in the other Services is the requirement for Navy pilots to serve in at sea forces and the resulting family separations.

I think that is the only problem which the AOCP program should seek to rectify. Yet, as now structured, it seems to be less effective than it could be because it can be paid only once for not more than 6 years, and many aviators leave the service as soon as they complete that bonus period so as to avoid additional sea tours.

Several weeks ago, committee staff asked the Navy to study and report back on a conceptual proposal to alter the AOCP structure so that the bonus could be paid several times, but only for tours of duty involving service at sea. Will you tell the committee of the Navy's views of such a proposal?

Admiral **Disher**. Family separation has historically been the single most important reason for aviators leaving the Navy. Sea-based aviators bear the heaviest burden in this regard, enduring both separation and the unusually demanding environment of life at sea. AOCP currently is used to target retention among these aviators in an effort to offset retention and inventory shortfalls. We do not necessarily agree that AOCP should be structured to eliminate targeting to other communities if retention difficulties support such applications. These other communities can expect shipboard tours over a career and deploy away from families, albeit to land-based locations overseas. The advantages of the current AOCP structure are its flexibility to address specific community shortages and the stability, in the aviator inventory, it provides over time. While we do experience some losses at the conclusion of AOCP contracts, AOCP provides a bridge covering the most critical retention-decision years to the point career commitment and the draw of retirement can take effect.

The Navy carefully studied your staff's conceptual proposal to restructure AOCP. We opposed the concept because of serious reservations in several areas. A "flying at sea" stipend dilutes the essential element of continuation in AOCP. It provides no guarantee of continuation to the second sea tour nor retention after completion of that or subsequent tours. Effectiveness would not be known until an officer either accepted orders to a bonus qualifying assignment—that is, "cashes the check'—or resigns. In either case, the choice is the officer's, not Navy headquarters. Repeated eligibility is a very attractive feature for a bonus program but we would not want to trade it for a continuation pay which gives us inventory stability and management control.

One particular problem with the "flying at sea" AOCP concept is its reduced and uncertain retention value. Since receipt of the bonus is predicated on acceptance of orders to specific tours, no aviator is guaranteed an opportunity to receive it. The discount rate applied to such risk is not insignificant.

The current AOCP program can be made more effective by making it more attractive. We recommend that authority for the current program be continued; that the Aviation Career Incentive Pay (ACIP) offset be eliminated and the maximum amount for a six-year contract be increased to $8,000 per year. We believe these measures will increase retention by about seven percent.

NAVY SPOT PROMOTION AUTHORITY

Senator **Wilson**. Admiral Disher, since the implementation of the Defense Officer Personnel Management Act (DOPMA), the Navy has sought and received temporary authority to give "SPOT" promotions to certain Navy lieutenants to lieutenant commanders in order to fill important lieutenant commander engineering billets onboard ships and submarines.

Yet we now find that the Navy does not believe the need for this temporary authority will disappear at least in the next 5 years. Furthermore, we find that from fiscal year 1985 to fiscal year 1986, the number of promotions under this authority increased by more than 35 percent and that 10 percent of those officers promoted under this authority were assigned not to ships or submarines, but to shore billets.

What is going on? Why can't the Navy solve this problem which is described as merely temporary when it first sought this temporary authority? Why is the Navy using this authority to fill shore billets when it said it was needed to fill seagoing billets?

Admiral **Disher**. The "SPOT" promotion authority is used to temporarily promote lieutenants serving in specific lieutenant commander engineering related billets in which the Navy has a critical shortage of personnel. Most of these billets are at sea, but because the same talent pool of officers who fill the at sea billets are also used to fill important engineering readiness jobs ashore, some of the "SPOT" promoted officers are in shore billets. An officer who is not promoted via normal means while serving in one of these specific engineering related billets reverts back to lieutenant when he leaves the billet.

The vast majority of the engineering related billets are at sea or on sea-going staffs. Out of 123 "SPOT" promotions authorized in fiscal year 1986, 108 were in this category. This was an increase of 22 "SPOT" promoted officers from the number promoted in fiscal year 1985. The remaining 15 promotions were authorized for officers assigned to shore-based, engineering related jobs that are directly related to fleet readiness. For example, the Radiological Controls Officer at the Trident Refit Facility in Bangor, Washington is "SPOT" promoted. He is responsible for supervising the radiological controls aspects or reactor plant repair work on Trident submarines. Additional examples include two members of the Surface Force Mobile Training Term and seven Squadron Material Officers who are all responsible for the engineering readiness of combatants throughout the fleet.

The increase in the number of officers "SPOT" promoted in fiscal year 1986 is due to the continuing shortage of nuclear trained submarine officers and conventional surface warfare lieutenant commanders in the Navy. This increase is directly attributable to manning the expanding Navy. As new ships, especially the conventional surface, forces, are manned and join the fleet, the pool or conventional surface warfare officers who possess the training and talent to serve as an engineer officer has been stretched to the limit, requiring the surface warfare community to use lieutenants in these lieutenant commander billets. The nuclear submarine communtiy has an inventory versus requirements shortage at the lieutenant commander level of 25 percent. Because of these shortages the Navy picks its best and brightest lieutenants to serve in demanding engineer officer jobs at sea and engineering readiness jobs ashore.

The current shortage of officers in both the nuclear submarine and conventional surface warfare communities is forecast to continue into the mid-1990s. This is true especially in the nuclear community because of not reaching nuclear officer accession and retention goals in recent years. The enhanced Nuclear Officer Incentive Pay (NOIP) approved by Congress last year and restoring the value of submarine incentive pay which is part of the fiscal year 1988/89 DOD budget request are both designed to improve nuclear trained officer accessions and retention. Additionally, the Navy is taking aggressive action to maintain officer retention as high as possible, and as a result, minimize the shortage of submarine and surface warfare officers assignable to engineering related billets. The action being taken includes limiting the time each ship is away from its homeport to 50 percent, carefully managing each officer's career path and continuing to access high quality applicants into the officer corps.

ENGINEERING BONUS

Senator **Wilson**. General Hickey, can you assure the committee that you now are fully manned and that it is prudent to give "early outs" to engineers at this time?

General **Hickey**. The Engineering and Scientific Career Continuation Pay (ESCCP) has been successful in meeting Air Force objectives since its implementation in 1981. The bonus significantly improved the total numeric manning in certain critically manned engineering specialties. In fact, it actually brought manning over 100 percent, a condition which continues today. However, due to the large percentage of junior officers in the force, our experience levels remain low. We are not haphazardly releasing engineers to achieve 100 percent manning. Instead, we are watching the experience and manning levels very closely.

The Congressionally mandated officer strength reduction in Fiscal Year 1987 is being achieved via more lenient application of existing separation and retirement restrictions, lower accession levels, and increasing certain involuntary loss actions. All applications for early release are reviewed on a case-by-case basis. Applications from officers in specialties with severe manning deficits, or unacceptably low experience levels, are closely scrutinized and generally not approved. ESCCP recipients fall into this category because of the low experience levels in the engineering specialties. Out of the 725 engineers currently receiving ESCCP, only two have been released early during Fiscal Year 1987. In one case the individual's position was being deleted and he asked to have only 6 months of the ESCCP waived. The second request was approved based on medical reasons. It also permitted the separation to occur in Fiscal Year 1987 vice Fiscal Year 1988 in order to support officer force reduction initiatives. In each case, the officers were required to repay the unamortized portion of their bonus.

Since engineering manning levels in the above AFSCs are projected to fall below 100 percent in the near term (summer, 1987), the AFMPC assignment teams who manage the engineering specialties are being exceptionally cautious on any voluntary separation applications which require the ESCCP waiver. We are not letting engineers "buy their way out" of their obligated service unless it's in the best interest of the Air Force.

RECRUITING

Senator WILSON. Dr. Singer, I thank you for your testimony as well as the excellent report, prepared under your supervision, about the youth population decline and its prospects for military recruiting. Both your prepared statement and that report we clear, concise and make a number of excellent points.

First, with respect to the report, I was struck by your findings, or at least suggestion, that the Army's management of its recruiters has been a far more important factor in the Army's recruiting success than has previously been reported to this committee. In light of that fact, should this committee begin to focus more attention on resourcing recruiting efforts and perhaps focus a little less on trying to increase every recruiting bonus or incentive?

What effects would you forsee if the other services were to adopt recruiter management techniques more like those of the Army? Would that assist the other services and would that harm the Army's efforts?

In your report, you suggest that failure to match private sector pay increases will hurt recruiter quality in two ways—by reducing high quality enlistments and by increasing accession requirements flowing from reduced enlistments. You suggest, for example, reduction of the fiscal year 1988 requested 4 percent pay raise to 2 percent would reduce quality enlistments by 2 percent and increase accession requirements by 2 percent.

How much high quality enlistments would that be?

The reduction of the pay raise to 2 percent would save about $1 billion. If Congress were to reduce the pay raise by 2 percent, can you suggest any ways the resulting 4 percent drop in high quality recruits could be recaptured for less than the $1 billion which would be saved?

Dr. SINGER. Although we have no hard evidence on this point, we believe that the U.S. Army Recruiting Command (USAREC) probably is doing the best it can with current resources in bringing in high-aptitude and high school graduate recruits. Additional resources would, of course, enable the Army to bring in more high-quality recruits. Studies generally indicate that this is a more cost-effective way to improve recruit quality than incentives such as education benefits. There is a limit, however, to how far recruiting resources can be pushed; with one recruiter for roughly every 25 recruits per year, the Army may have reached that limit, at least with respect to recruiters. The Army might argue, as well, that the college-bound recruits brought in by education benefits are better than others in way that are not well measured by test scores. Evidence on advertising effectiveness, and the fact of recent advertising budget cuts, suggest that advertising probably would be a good target for additional resources.

We understand that the Navy has modified its recruiter-management system in the light of the Army's success with its system. The Air Force has not faced quality problems that would suggest a need for reform, but we are sure that they are well aware of the study findings that we cited. With regard to your question on possible harmful effects for the Army, there is little convincing evidence on cross-service effects in recruiting. What there is suggests that the Air Force largely taps a separate market; Air Force recruits tend to indicate that they would not have enlisted in another service if they had been rejected by the Air Force.

A 2 percent pay raise would reduce enlistments of high-quality males—high school graduates with above-average aptitudes—by about 2,700 in all of the Department of Defense, a 2 percent reduction. Accession requirements would increase by roughly the same amount because of reduced retention, leading to our prediction of a 4 percent fall in the percentage of recruits who would be high-quality males.

The most cost-effective means for maintaining recruit quality if the military pay raise were limited to 2 percent would appear to be to increase recruiting resources. We have not estimated how much additional resources would be required, but are confident that the amount would be well below the $1 billion saving. It is important to note, however, that lowered recruit quality is only one of the costs of a 2 percent raise. People already in the services are more responsive to pay changes than are potential recruits. Reduced retention at the first and second reenlistment points means losses of trained, experienced personnel. We estimate the cost of maintaining current first-term reenlistment rates, if the pay raise were 2 percent, at roughly $150 million in additional reenlistment bonuses.

GI BILL

Senator WILSON. My understanding of your testimony on the test program GI bill is that we really don't know much yet about its costs and its effects on retention. Am I correct?

You noted a number of factors which now lead you to believe CBO's earlier estimates of the program costs may be too low, primarily because higher participation and benefits-use rates are now expected than had earlier been the case. In reaching those suggestions, you note primarily the differences in the new GI bill from previous education programs. But how about a different make-up of eligibles? Doesn't the fact that more than 90 percent of all DOD enlistments are high school graduates seem to indicate utilization rates will be higher than in previous programs were non-high school graduates were far less prevalent?

At the time, does CBO believe it can, with any confidence, estimate the percent of eligible participants who will leave the service at the first available opportunity in order to utilize the program benefits? Isn't it true that the first piece of actual data on that issue can't even be collected until the middle of this year when the first two year enlistments under the program end?

It seems that your bottom line is that more time is needed in order to determine both the cost and the overall manning effectiveness of the program. Am I correct?

In light of that, do you believe it might be prudent from both a manpower and cost point of view to delay a final decision on making the GI bill permanent and rather, to merely extend the program as it now exists for, say, 3 more years in order to learn more about its real costs and effects?

Dr. SINGER. CBO's estimates of the cost of the new GI bill have been able to incorporate actual participation rates during the first 15 months of the program. We do not have any data yet about how much of their entitlements beneficiaries will use, and of course we have not made any projections of how participation rates might change in the future. Nor do we have any evidence on whether new GI bill participants will reenlist at the same rates as nonparticipants. Direct data on these questions will not be available for several years, because most service members who enlisted early in the life of the program will not reach their first reenlistment points for at least one, and in most cases, two or more years.

CBO is attempting to use data on VEAP participants to project the use of benefits and reenlistment rates of new GI bill participants. We plan to include in our analysis various demographic factors, including educational background and AFQT score. Our estimates of the cost of the new program then would reflect the changes in demographics. Specifically, it does seem likely that high-quality recruits will use education benefits. This factor will be reflected in our cost estimates.

Several previous analyses have concluded that education benefits constitute an incentive for members not to reenlist at the end of their initial terms of service. The consensus of these studies in that reenlistment rates fall by roughly 10 percent to 15 percent. Education benefits, therefore, increase the services' future recruiting needs. These increases must be offset against the additional recruits who are attracted by the benefits. As in the past, CBO will continue to make estimates of the net recruiting effectiveness of education benefits. We will not be able to validate these estimates, however, until data are available on the reenlistment rates of new GI bill participants.

CBO will provide the committee with its latest analyses of the costs and net recruiting effects of the new GI bill as results are available. We anticipate initial result within the next 3 months. The data underlying these results, however, are still partial—applying to only a few groups of beneficiaries—and preliminary—covering only a few years of use of benefits. CBO's analysis would benefit from having more time to study the effects of the test program. Whether that or other benefits justifies extending the program, rather than authorizing it premanently, is a judgment we must leave to the Congress.

QUESTIONS SUBMITTED BY SENATOR WILLIAM S. COHEN

WOMEN ASSIGNMENT POLICIES

Senator COHEN. The Army, Navy and Air Force have briefed my staff on the specific numbers and types of positions, ships and aircraft that would become open to women if S. 581 were enacted in its present form. I would like to request that the services submit this information as part of the formal hearing record as well, so it will be clear what positions S. 581 refers to.

NAVY

Admiral DISHER. S. 581 would permit assignment of women to the following type ships: AFS, AOR, AOE, and AO. There are 37 ships in these classes. All officer and enlisted billets on these ships would be considered open to women. There are approximately 12,000 enlisted billets and 880 officer billets on these ships. We assume that at least 50 percent of the positions could be filled by women. These ships are currently classified as combat logistics type ships and women cannot be permanently assigned to them. There are no types of Navy aircraft affected by S. 581.

AIR FORCE

General HICKEY. Enactment of S. 581 would open approximately 4,500 additional positions. These positions would be as follows:

	Officer	Enlisted	Total
Trainer	4	4	8
Airlift	2,059	1,575	3,634
Reconnaissance	861	0	861
Total	2,924	1,579	4,503

Due to the impreciseness of the existing combat exclusion law, as to what actually constitutes a "combat" aircraft, we have tried to carefully interpret the intention of Congress on this issue.

Our policy, which is intended to implement the combat exclusion law, precludes the assignment of women to the following:

a. Aircraft whose principal mission involves aerial combat, defined as:

(1) Delivery of munitions or other destructive materials against an enemy.

(2) Aerial activities over hostile territory where enemy fire is expected and where risk of capture is substantial.

b. Duties or units where there is a high probability of exposure to hostile fire and substantial risk of capture.

c. Instructor or staff positions where training or experience in combat aircraft is a prerequisite.

We believe our current policy is as far as we can go without violating the intent of the law. Therefore, the Air Force welcomes clarification by Congress on the role of women in the Armed Forces. However, we believe adoption of S. 581, as written, would conflict with the intent of the basic combat exclusion law ("Female members of the Air Force . . . may not be assigned to duty in aircraft engaged in combat missions"), by allowing women to fly in all reconnaissance and airlift aircraft. Presently, strategic airlift missions are open (i.e., inter-theater resupply), while tactical airlift and airdrop missions are closed (i.e., intra-theater resupply and dropping of troops over hostile territory). Placement of women aboard aircraft with these missions exposes them to the very real threat of hostile fire and capture. As for reconnaissance missions, women may fly these aircraft in "stand-off" roles, such as the RC-135. However, up to this point, they have not been permitted to fly reconnaissance missions over hostile territory because of exposure to hostile fire and risk of capture. (During the Vietnam war, 169 reconnaissance aircraft were shot down. None of these aircraft were of the stand-off variety such as the RC-135. During the same time frame, 35 tactical airlift aircraft were also destroyed.)

It appears inconsistent to open reconnaissance and airlift aircraft to women in Section 3(b) of S. 581, yet retain the "combat" exclusion in Section 3(a). The people who fly the reconnaissance and airlift missions which are closed to women under our combat exclusion policy are exposed to even greater danger of hostile fire and capture than people assigned to "combat" aircraft—because they don't have any weapons with which to defend themselves.

We believe, therefore, that we have established a rational policy which not only upholds the letter of the law but the intent of its as well.

ARMY

General ELTON. The Army response to the question is attached.

[Due to a lengthy response, the information is retained in the committee files.]

MARINE CORPS

General CHEATHAM. An assessment of the bill indicates that no major changes to existing Marine Corps classification, assignment, and deployment policy for women Marines will be required.

WOMEN IN THE ARMY

Senator COHEN. What were the findings of the Combined Arms Center's Women in Combat Task Force Review and what recommendations were made as a result of this study?

General ELTON. The Army response to the question is attached.

[Due to the length of response the information is retained in committee files.]

WOMEN ASSIGNMENT POLICIES

Senator COHEN. Admiral Disher, what specifically is the distinction the Navy sees between the mission of Military Sealift Command ships and Combat Logistics Force ships that allows women to be assigned to the first class of ships and not the second?

Admiral DISHER. The distinction is combat mission. As an inextricable part of the battle group the Combat Logistics Force (CLF) ships have the same mission as the battle group to seek out, reconnoiter and engage the enemy. The MSC ships, on the other hand, are not intended to travel with the battle group. They will serve as shuttle ships carrying their goods to a designated point to pass them to the CLF ships traveling with the battle group. They would then return to port, resupply and leave again to repeat their mission. These ships, while potentially subject to attack, do not have combat missions. They do not seek out, reconnoiter or engage the enemy.

PERSONNEL GOALS

Senator COHEN. Admiral Disher, an August 1983 CBO study entitled, "Manpower for a 600-Ship Navy: Costs and Policy Alternatives," addresses the problem of meeting increased personnel goals while keeping costs down. Some of the solutions discussed were:

Limit pay raises and offset this with higher enlistment and reenlistment bonuses;

Shift the mix of deployable ships toward the reserve force;

Increase the ship-to-shore rotation ratio (lengthen the average sea tour) in order to reduce the need for active-duty personnel in shore billets, while increasing sea pay to offset the effects this might have on retention;

Increase the number of female recruits or recruits with previous military service;

Accept a higher proportion of male recruits who score in the lower categories on the mental aptitude test.

If in the 1990's the Navy's recruitment efforts are hampered by the forecasted decline in the youth population, which of these or other solutions would the Navy favor?

Admiral **Disher**. We feel that limiting pay raises, even though reenlistment bonuses are increased, will have a long term deleterious effect. Across the board pay raises are essential for maintaining the competitiveness of military compensation and preserving the purchasing power of our personnel. Continuous caps on pay raises widen the gap, currently 9.4%, between the growth of military pay and civilian wage increases. This disparity hinders our ability to attract and retain the same quality personnel that both the Navy and private industry seek. Further, in this era of increasing technological sophistication, regular military compensation has not always been sufficient for retaining many of our sailors in sea intensive, mission critical skills. Since these people are readily employable in private industry, for adequate retention we need both the reenlistment bonus and competitive basic military pay.

A shift in the mix of deployable ships to the Reserves of the magnitude contemplated by CBO has been explored before and rejected. It can not be done without failing to meet commitments and degrading combat capability. We review the Active-Reserve mix annually to determine the best combination of forces based on combat readiness, costs and demographics. The CBO proposal comes up short when measured against these criteria. First, transferring current active force combatants to the Reserves is inconsistent with our need to have sufficient numbers of highly mobile, forward deployed forces. Attempting to retain required peace-time mobility and a forward-deployed posture with Reserve ships, even if possible, would erode any perceived cost savings. Finally, manning Reserve ships is dependent on the availability of volunteer personnel near ship concentrations, unlike the active force, where we recruit sailors and then assign them world-wide. Given fleet concentrations along our coastal perimeter and the available pool of qualified personnel, we have serious doubts we could properly man these additional Reserve ships.

The idea of lengthening sea tours to reduce the need for active duty personnel in shore billets only appears attractive if viewed in isolation. The number of personnel ashore is determined primarily by the work load ashore and not just as a shore base for sea-shore rotation. Thirty-four of Navy's 105 ratings have sea-shore rotation rates of at least 48 months at sea and 36 months ashore. No sea tours are less than three years. While increasing the sea tour for Navy personnel to five years and maintaining the three year shore tour would reduce the number of personnel required for sea-shore rotation, it would also eliminate personnel assigned ashore to complete required jobs.

Increasing the number of female recruits will not solve the problem of meeting our increased personnel goal as long as they are excluded from combat. The majority of the personnel growth required by the Navy will go to sea on combatants. These positions must be filled by males under the current law.

Mental group is an indicator of trainability and lower mental group recruits generally do not meet the criteria for much of the Navy's technical training. We feel that with the increasing complexity of weapons, communications and propulsion systems, accessing a higher percentage of lower mental group personnel would be inefficient. Lower mental group recruits are not oriented to accept the technical training to meet the sustained dynamic challenge of the combat environment at sea. Recent analysis also indicates poorer first year survival rate for lower mental group accessions.

Clearly the declining youth population in the early '90s will make recruiting more difficult but not impossible. Continued commitment to those principles that have been responsible for our current successful recruiting—competitive pay, adequate recruiting resources to attract quality volunteers, sufficient reenlistment bonuses to retain them, and continued improvements to our sailor's quality of life, will enable us to effectively respond to future population changes and meet our personnel goals.

Senator **Cohen**. General Hickey, in an Air Force briefing book entitled, "Impact of the Proxmire/Cohen Bill on the United States Air Force," there is a distinction made between "aircraft closed by law" and "aircraft closed by policy." Please explain this distinction and the reasons for not assigning women to aircraft other than those "closed by law."

General **Hickey**. The wording in the law is not very explicit as to the definition of "combat" aircraft. In the absence of specific guidelines we have attempted to establish a rational policy which not only upholds the letter of the law, but the intent of it as well. For example, we restrict women from taking part in certain phases of airlift and reconnaissance missions. As for airlift, most strategic airlift missions are currently open to women (with the exception of the combat airdrop mission) while tactical airlift and special operations are closed due to the combat nature. Placement of women aboard aircraft on these missions exposes them to the very real threat of hostile fire and capture. As for reconnaissance missions, women are allowed to fly "stand-off" reconnaissance missions such as the RC-135. However, we have not allowed them to fly reconnaissance missions over hostile territory due to possible exposure to hostile fire and risk of capture. During the Vietnam war 169 aircraft on reconnaissance missions were shot down. None of these aircraft, by the way, were on the stand-off variety such as the RC-135. During the same time frame, 35 tactical airlift aircraft were also shot down. Therefore, believing it is not the intent of the law to expose women to similar danger, we have restricted their participation in these areas.

Senator GLENN. The hearing stands adjourned, subject to the call of the chairman.

[Whereupon, at 12:25 p.m., the subcommittee was adjourned, to reconvene upon the call of the Chair.]

DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEARS 1988 AND 1989

TUESDAY, MARCH 31, 1987

U.S. SENATE,
SUBCOMMITTEE ON MANPOWER AND PERSONNEL,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

MANPOWER AND PERSONNEL ISSUES

The subcommittee met in open session, pursuant to notice, at 2 p.m., in room SR-232A, Russell Senate Office Building, Senator John Glenn (chairman) presiding.

Present: Senators Glenn, Shelby, and Wilson.

Staff present: Patrick A. Tucker, minority counsel; David S. Lyles, Frederick F.Y. Pang, Patricia L. Watson, professional staff members; Debra A. Rice, staff assistant.

Also present: Phillip P. Upschulte, assistant to Senator Glenn; Jeffrey B. Subko, assistant to Senator Exon; Gregory B. Craig, assistant to Senator Kennedy; Terrence Lynch, assistant to Senator Shelby; William J. Wight, assistant to Senator Warner; Samuel J. Routson, assistant to Senator Symms; Pat Putignano, assistant to Senator McCain.

OPENING STATEMENT OF SENATOR JOHN GLENN, CHAIRMAN

Senator GLENN. The hearing will be in order.

I might announce, before I give my opening statement today, that, unfortunately, we have a series of four back-to-back votes that are supposed to start at around 2:30 today. We will go ahead and start our hearing. I am sorry if we will have to break in. It will probably take as long as 45 minutes, maybe even a little longer, by the time we get all those votes done. So we may have to break the hearing for that length of time. I am sorry that this is the case, but we did not know that this was even going to be on the docket when we scheduled the hearing for this time.

We will go ahead and do the best we can with it this afternoon. It happens once in a while around here.

The Subcommittee on Manpower and Personnel meets today to continue its review of the manpower and personnel portions of the Department of Defense authorization request for fiscal years 1988 and 1989.

In our previous sessions, we have addressed total force manpower requirements, medical readiness and support programs, recruiting and retention for the total force.

We have heard witnesses from the Office of the Secretary of Defense, the military services, the Congressional Budget Office and the General Accounting Office.

Today, we will round out our authorization hearings by receiving testimony from the senior enlisted advisers of the military services and from public witnesses who represent organizations that are interested in the manpower and personnel programs and policies of the Department of Defense.

I think it is important for this subcommittee to get the perspectives that our witnesses today bring with them.

As a retired member of the United States Marine Corps, I know that our troops communicate through the chain of command. The noncommissioned officer corps is a vital, vital link in the chain.

I also know that we have a responsibility to keep an eye on post-service compensation and benefits to ensure that we keep faith with those who have served our country in uniform.

I will put up with a lot in the way of prospective changes. People know what they are getting into when they come in when they sign up on that basis. But the retroactive changes that are too often foisted off on the military I disagree with very, very strongly.

So, it is with great pleasure and anticipation that I welcome our witnesses today.

For our first panel, we have Sergeant Major of the Army Glen E. Morrell; Master Chief Petty Officer of the Navy, William H. Plackett; Chief Master Sergeant of the Air Force, James C. Binnicker; and Sergeant Major of the Marine Corps, Robert E. Cleary.

For our second panel, we will have our public witnesses, who I will introduce later.

Gentlemen, I believe each of you has submitted a statement for the record. But I would like to have you very briefly summarize your statements and opening remarks before we begin our discussions.

At these hearings, it seems to be customary that we run from left to right, this way [indicating], but maybe today we will reverse this and start at the other end of the line on the right, with the Marine Corps. I would like to do that at one of these hearings anyway.

Sergeant Major Cleary, would you go ahead and proceed. We will work our way in this direction [indicating] today.

STATEMENT OF SGT. MAJ. ROBERT E. CLEARY, U.S. MARINE CORPS

Sergeant CLEARY. Mr. Chairman, I am most appreciative of the opportunity to appear today as the senior enlisted representative of the Marine Corps. I would like to share some thoughts and observations that I have made during my world travels visiting enlisted marines and their families.

A very important function of my position is to visit commands with our Commandant and also on my own, to look for indicators of positive or negative trends, among the enlisted community.

I am the senior enlisted sounding board between the enlisted marines and the Commandant on all matters pertaining to their morale and welfare.

I returned on the 21st of this month from a visit to commands throughout the Western Pacific. I am happy to report that your marines are receiving the very best training, equipment, and support available.

Some indicators of why the Corps enjoys such a high state of combat readiness is the medical care provided for enlisted marines and their families, which was outstanding. That is in the Western Pacific, Mr. Chairman. This does not hold true for the rest of the world.

This is thanks to a very dedicated medical staff of doctors, nurses, and corpsmen, who are doing whatever is necessary to provide quality service for our marines and their dependents. This was especially true on the island of Okinawa, where all of our family service centers were staffed with professional people who really showed a sincere care for the concern and the problems that they encountered.

New and modernized living quarters for our single marines have been built at several commands, which, along with new housing for married personnel, has morale at an all-time high.

Modern, well-kept facilities instill pride in our marines and provide modern, effective work spaces and facilities for recreational activities.

This all contributes greatly to the morale and welfare of our enlisted marines and their families.

The outstanding leadership that I observed across the board from officers, staff noncommissioned officers, and NCOs was evident.

The sound leadership, strong commitment by all our leaders, has substantially reduced substance abuse, as evident by the fact that our urinalysis test results during fiscal year 1986 are in the neighborhood of only 2 percent positive. This, again, is a 180-degree turnaround from the substance abuse programs and problems of the early 1970s.

The high morale and state of readiness that I observed at every command level from major commands to the smallest units was very inspiring, especially when compared with the early 1970s, again.

The observations made during the Western Pacific trip were a good example of the quality that we enjoy corps-wide. Realizing that beans, bandages, and bullets win wars and help up front to accomplish the mission, I would like to reemphasize that equally important, quality-of-life issues directly influence the morale and welfare of our young marines and their families.

Marine Corps recruiting continutes to fill our ranks with the very best Americans. Our 3-, 4-, 5-, and 6-year enlistments are at 99 percent. The one to three Alpha categories are matching or exceeding last year's percentage.

Retention last year was the highest ever, and the first 5 months of 1987 were equally impressive.

My most recent visit was very positive. But there are areas of concern, such as availability or nonavailability of medical care, especially for family members, and the out-of-pocket expenses for medical care. Lack of adequate housing has resulted in 70 percent of our enlisted marines living off base. The other 30 percent are provided Government quarters on base, but some of this housing is substandard.

New construction programs are excellent, but must be funded for. The marine Corps has a milcon backlog of over $3 billion. This does not include housing.

At the end of 1987, we will still have a deficiency of bachelor enlisted living spaces of over 37,000.

We do not feel that a marine's pay should be compared with that of an unknown civilian. This is not a realistic yardstick for measuring our current policy and our current salary scales.

The pay caps since 1982 have resulted in a disparity of over 9 percent. Military pay does not have to be comparable or competitive with the civilian market, but must be adequate to help reimburse our military personnel for the long hours without overtime pay, the stress involved, frequent involuntary moves, especially for our married personnel, which is over 40 percent of our enlisted force.

These are a few of the concerns voiced by our enlisted marines during my visit.

There are other areas of equal concern that I have identified in my statement for the record.

The marine Corps has 19 family service centers located throughout the Corps. Some main concerns of our marine families are quality medical care, spouse employment, expenses of relocation, and adequate child care—just to mention a few.

Our family service centers are vital to our families as well as our single marines.

Our numerous family programs are always being evaluated for effectiveness and cost-to-benefit ratio. This is one lifeline type support that must be funded for when quality of life issues are addressed, and is very worthy of congressional support.

Mr. Chairman, and distinguished members of this committee, my colleagues and I are very privileged to appear before you today and would only ask that you support the quality-of-life issues that will be addressed today.

Many committees often fail to listen to the experience of the senior enlisted representatives of our Armed Forces, and some would rather consider statistical data as the bottom line.

We applaud this committee's sincere concern for the welfare of young, enlisted men and women in our Armed Forces, which is reflected in your outstanding support for quality-of-life issues that greatly enhance our beloved Nation's defense posture.

For this, Mr. Chairman, on behalf of all our young, enlisted marines, I extend to you and your committee members my heartfelt thanks.

[The prepared statement of Sergeant Major Cleary follows:]

PREPARED STATEMENT OF SERGEANT MAJOR R. E. CLEARY
United States Marine Corps

Mr. Chairman, distinguished members of this Committee, I am most appreciative of the opportunity to appear today as the senior enlisted representative of the Marine Corps.

I am proud to report to you that the quality of our Marines is at an all time high in all respects and I would like to share with you certain initiatives that I consider to be of great importance to the welfare and morale of our men and women within the framework of quality of life support programs Corpswide.

While much can be done and in fact is being done "in-house" in the area of quality of life in our Corps it is evident that greater external assistance is going to be needed to contribute to creating an environment in which Marines and their families can work and live in and at the same time help us retain the quality personnel that lead to the maximum possible personnel and operational readiness.

MEDICAL CARE

The availability or non-availability of medical care especially for dependents is one of the front runners of concern when I visit Marines in the field. The concerns are not directed towards the medical personnel but rather to the policies that have resulted in under-staffing and overloading military medical personnel.

The out-of-pocket expenses for medical care under the Champus Program for dependents and our retirees along with the lack of medical facilities on base is viewed as another erosion of military benefits.

FAMILY HOUSING

Adequate housing or the lack of decent housing greatly impacts on the military families especially for the junior enlisted pay grades. Of a total inventory of 20,501 family housing units, 1,809 are inadequate and 15,166 are of the average age of 20-40 years. We have waiting lists for on-base military housing of one or more years and in many cases the civilian community cannot accommodate or is to expensive for the military's needs. We have military installations where government housing is very limited or not available for married Marines. Many of our young married Marines are forced to drive a considerable commuting distance from their base because they cannot afford the rent closer to the base. The type civilian housing they can afford is in many cases a one-hour or more drive, with the added expense of gas and toll charges both to and from the base. Privately owned vehicles, with added maintenance and operating expenses involved, are a necessity in order to travel from the civilian housing to the base. The Marine Corps utilization of family housing is at 97.94% and many more houses are needed. Marine Corps-wide, 70% of enlisted Marines live off base, and the remaining 30% are provided for with government housing on base. The five-year family housing new construction programs are excellent and we must continue to build on base or stop the caps on military pay and caps on inflation increases for VHA. Congress has authorized the construction of several new homes which include new mobile home park spaces and whole house rehabs that will improve a very important quality of life initiative to our service personnel but the Milcon programs must continue along with initiatives such as third party financing (TPF) rental guarantees, leasing, and more mobile home parks.

BACHELOR QUARTERS

We must continue to provide adequate bachelor quarters. New construction and modernization is providing adequate quarters for single and those married Marines who are stationed in areas where their families are not authorized to accompany them or the cost of living expenses in the area is above their means. At present the Marine Corps has approximately 75,772 adequate living spaces and 54,177 inadequate living spaces. At the end of FY-87 we will still have a deficiency of bachelor enlisted living spaces of 37,718. This deficit does not include spaces which must be modernized during FY-87 which is 7,758 spaces. Modernizable spaces are categorized as current adequate on-base living spaces.

MILITARY COMPENSATION

The current pay and compensation system over the years has been playing catch-up with the civilian community and has evolved over a long period of time based on the "needs" of the Service, with less emphasis being placed on the servicemen and women's individual needs. A service member's pay is not comparable with their civilian counterpart, not if you compare the long hours, family separations, lack of or inadequate medical care and inadequate housing. Other inaccuracies include inflating the value of active duty pay scales, the averaging of military base pay and the creating of an across-the-board dollar value for the fringe benefits received, and the "free" medical care. Most civilians do not realize that military personnel pay federal, state and local taxes. This is not meant to imply that the average serviceman or woman is grossly underpaid, only that comparability with an unknown civilian is not a realistic yardstick for measuring our current salary scale. The Variable Housing Allowance (VHA) offset has caused a lot of concern from Marines living in a geographical area that this allowance was intended for. This offset should be rescinded. Pay comparability with the private sector was achieved during the FY-82 pay raise. From this date to present the pay caps have resulted in a disparity of over 9 percent. No matter which index is used, the Professional, Administrative, Technical and Clerics (PATC) or the Employment Cost Index (ECI), military personnel have lost comparability since 1981 and as a result have lost the capability of achieving adecent standard of living. Military pay does not have to be comparable or competitive with the civilian market, but must be "adequate" to help reimburse our military personnel for the long hours without overtime pay, the stress involved with the long days at remote tours of duty in foreign countries, frequent involuntary moves, especially for our married personnel which is over 40% of our enlisted force along with the regimentation and discipline that is accepted as part of military life.

ENLISTMENT BONUSES

As the economy continues to improve and the eligible population of our young men and women becomes smaller, the enlistment bonuses have been and will continue to be a major factor in achieving our quality entry-level accessions of our mental group category that is necessary to operate today's high technology systems. The enlistment bonus money attracts the high school graduates in the upper AFQT ranges that our services need for so many of the high-cost technical and hard-to-fill skills and short occupations. Enlistment bonuses are no longer just incentives but are now necessities in order to compete with the civilian community for that first-class young American.

REENLISTMENT BONUSES

Another major goal is retention of that special qualified Marine with the technical skills and experience needed to overcome critical shortages in the Selective Reenlistment Bonus program. This is a very cost-effective program that has paid for itself in the retention of our high-cost technical and hard-to-fill occupations. With 10,230 reenlistments in FY-86, the Corps posted another excellent reenlistment year. We must continue to offer this type bonus in order to retain our quality servicemen and women.

We have in the past defined quality of life as the human dimension of service life and the total environment in which our men and women work, play and live. As our quality of life improvements have improved so has our recruitment and retention.

FAMILY PROGRAMS

The Corps has placed heavy emphasis on responding to our Marine Corps family needs, not merely for retention or other pragmatic purposes, bur rather that there was and continues to be the need for awaremenss of the reality that the family is a permanent and critical element of Marine Corps life.

During my visits to commands throughout the states and overseas in my last four years I have made it a point to visit every Family Service Center (FSC) and I am thoroughly convinced that they are providing an important and very valued service for our families. We realized years ago that the Marine family is a system that is always in need of a wide array of interrelated functions and aspects (such as housing, child care, health, and income) and that if you support these needs you also improve morale, increase retention and combat readiness. Our 19 FSC's have served over 146,000 Marines during FY-86. Some main concerns of our Marine families are quality medical care, spouse employment, expenses of relocation (PCS) and adequate child care, just to mention a few. Quite a few of our Marine families are young (1/3 of the spouses in the age group of 17-24); 50% of our enlisted spouses are employed, of which 68% have children under the age of 11. Just a few points that I would like to mention.

Our FSC's provide support in several very important areas such as counseling services, child care arrangements which are inadequate for our single parents and sometimes unavailable for our families at all. Services we do provide at our child care centers fall short by over 3,000 children and this continues to present a problem. Alternatives are being pursued, such as family home day care. We have 13 Employment Resource Centers (ERCs) that provide a very important service to our enlisted spouses and separaitng/retiring Marines and their families. The primary users are E-4 and below spouses. Services provided through workshops are conducted in areas such as resume preparation, interviewing techniques, job search skills and has helped many young enlisted spouses and separating/retiring Marines supplement their family's income. The Marine Corps plans to further expand this service. In fact, we will have 16 ECR's operational by 1 October 1987. Our numerous family programs are always being evaluated for effectiveness and cost-to-benefit ratio. The Corps has placed emphasis on moving families less frequently, encouraged family home care and looked at our quality assurance of services. We conducted a family awareness conference during FY-86 that met with great success. The Marine Corps is consistently researching ways to improve the services provided by our FSC's as funding is decreasing and budgets are cut. This is one lifeline type support that we provide our families that must be funded for when you address the quality of life issues. This, along with the other "in-house" services provided by the FSC's is very worthy of Congressional support.

GI BILL

The GI Bill is not only an incentive to enlist but an excellent opportunity for the cream of the crop of America's youth that we have in our services to serve his or her country and at the same time qualify for further education in the future. The past history of GI Bills were that individuals that served their country were entitled to the opportunity of obtaining higher education through military service to their country. This worked during and after WW 2 and again after Vietnam. Now we refer to the Peacetime GI Bill. The critics and opponents of extending the New GI Bill cite the fact that when asked, most servicemen and women felt that it was a financial hardship to contribute to the New GI Bill program. This is not a fact and I haven't met any Marines during my visits to commands worldwide that would agree with this philosophy. But, on the other hand, why should they be required to contribute to achieve their goal of obtaining higher education through military service to their country? We require the very best of our American youth who qualify to join our services to have a high school diploma and to be outstanding Americans in every sense of the word. They meet our qualifications and give 3, 4 or 6 of the very best years of their lives. The other young Americans that qualify but do not want any part of service life are rewarded by asking for government loans to attend college and in many cases never repay the loans. But for those that do attend and successfully complete college, his or her military counterpart that joined the service and returns to cilvilian life after honorable service to their country, leaves the service life with the same high school diploma and now must play catch-up with the individual that didn't want any part of service life. We have in fact penalized the young American that chose to give some of the best years of his or her life in the defense establishment of our great nation.

The New GI Bill is successful and it is attracting both quantity and quality young Americans for our armed forces. This new GI Bill is not only assisting our recruiting of high school graduates but a large percentage are in the mental categories I to III, who are more desirable and trainable, and if he or she has job satisfaction chances are they will make a career of the service. The Corps has enlisted over 8,000 high school, college level. and higher mental categories necessary to train for our short skilled and high cost technical occupations. As I have previously stated our servicemen and women do not view the $100.00 a month as a financial hardship when they weigh the end result of obtaining a higher education, but they do experience difficulties with the $100.00 a month deduction from their basic pay for 12 months. This monthly contribution is not a deterent to an individual who truly desires a college education. However, the first year of enlistment is not the ideal time for some individuals to make a 12-month commitment of $100.00 a month from their basic pay. This is especially so in view of the fact that many of our young servicemen and women decide to get married during their first term of service, thereby creating an additional financial strain on their budget. In view of the above, if this $100.00 deduction could be extended to 24 months, the financial commitments for education and marriage expenses would be more manageable for everyone concerned. The period of time an individual has to determine whether or not to participate does not allow sufficient time for the Marine to make a decision. Therefore, this timeframe should be extended and, in fact, any serviceman or woman should be allowed to reconsider at any time during their first enlistment. The contributions made should be refundable if an individual finds that he or she cannot afford this program. There should be no penalty for withdrawal, if an individual feels their budget won't allow any further deductions from their pay. Benefits covered under the New GI Bill provide for those individuals who remain on active duty until June 30, 1988. However, we have a group of individuals who will not qualify for either the old or New GI Bill benefits because of service limitations and the federal law that require some servicemen and women to leave the service before becoming eligible. Therefore, provision should be made to provide the benefits earned by these individuals after the 1988 cutoff especially if they retire during the present test period. Over 50 percent of eligible recruits have chosen to participate in the New GI Bill during FY-86. Comparing the participation rates of the New GI Bill with those of VEAP (Veterans Education Assistance Program) over the same period reveals that participation has more than doubled. A large percentage of those who did participate in the VEAP dropped out and reclaimed their contributions. Our Marine Reserves have increased their participation in the New GI Bill. The New GI Bill is an excellent financial investment for our country. It is an outstanding recruitment and retention tool. I would ask this Committee to advance the legislation necessary to make the present program permanent. This is another benefit that has been well earned by our servicemen and women. The New GI Bill renews an investment in our country since every dollar provided is recovered by the Treasury in the form of taxes on higher earnings made possible by this program.

Mr. Chairman, distinguished members of this Committee, my colleagues and I are very privileged to appear before you and would only ask that you support the quality of life issues that will be addressed today. Many Committees often fail to listen to the experience of the senior enlisted representatives of our armed forces, and some would rather consider statistical data as the bottom line. We applaud this Committee's sincere concern for the welfare of young enlisted men and women in the armed forces which is reflected in your outstanding support for quality of life issues that greatly enhances our beloved Nation's defense posture. For this, Mr. Chairman, on behalf of all of our young enlisted Marines, I extend to you and your Committee members my heartfelt thanks.

Senator GLENN. Thank you, Sergeant Major Cleary. I appreciate that very much. I can assure you that this committee is one that does value the advice and the counsel of the senior enlisted people in our Armed Services. You can rest assured on that. I know from my own experienced in the Marine Corps, if you want to know what is going on in the unit, you go to the sergeant or the sergeant major, and you find out what the morale is and what is really going on in the unit. This is one thing that is a constant, I believe, in the military in whatever service we may be serving.

So, thank you very much for your remarks.

Next is Chief Master Sergeant of the Air Force, Jim Binnicker.

Jim, go ahead.

STATEMENT OF CHIEF M. SGT. JAMES C. BINNICKER, U.S. AIR FORCE

Sergeant BINNICKER. Mr. Chairman and members of the committee, I am happy to appear before you today to discuss what I consider to be the most critical Air Force personnel issues for this year.

Your past support, which we deeply appreciate, has allowed us to build and maintain the most credible Air Force in the history of this country and, I have no doubt, in the world.

Many of our critics say we have spent a trillion dollars on defense over the past 5 years and have nothing to show for it. I could not disagree more. Every indicator I see shows our capabilities have improved across the board.

How did we do it?

We did it with our people—people who are the key to our combat capability and readiness and who must remain our No. 1 priority. The quality of people we have entering and staying in the Air Force today has never been better, and is directly contributing to our qualitative edge.

To maintain that edge, we must strive to maintain competitive compensation and strong institutional benefits. For example, we must step up our efforts to provide competitive pay, secure adequate morale, welfare, and recreation funding, and repeal the variable housing allowance offset for our Air Force families.

While we fully understand the need to reduce the Federal budget deficit, we feel that America gets the most for its defense dollar by avoiding the false economy by cutting personnel programs, as was demonstrated in the late 1970s.

My overall outlook is optimistic. The reforms of recent years have been extensive, and we are working hard to employ them to maximum advantage.

At the same time, we will work with you, the Congress, to insure that we maintain a compensation package and quality of life that will keep our combat capability at the highest possible level.

Thank you, sir.

[The prepared statement of Chief Master Sergeant Binnicker follows:]

PREPARED STATEMENT OF CHIEF MASTER SERGEANT JAMES C. BINNICKER
United States Air Force

I. INTRODUCTION

Mr. Chairman and Members of the committee, I am happy to appear before you today to discuss what I consider to be the most critical Air Force personnel issues for this year. Your past support, which we deeply appreciate, has allowed us to build and maintain the most credible Air Force in the history of this country and--I have no doubt--in the world.

Many of our critics say we have spent a trillion dollars on defense over the past five years and have nothing to show for it. I couldn't disagree more. Every indicator I see shows our capabilities have improved across the board.

How did we do it? We did it with our people -- people are the key to our combat capability and readiness, and must remain our number one priority. The quality of people we have entering and staying in the Air Force today has never been better and is directly contributing to our qualitative edge. To maintain that edge, we must strive to maintain competitive compensation and strong institutional benefits. For example, we must step up our efforts to provide competitive pay, secure adequate Morale Welfare and Recreation (MWR) funding, and repeal the Variable Housing Allowance (VHA) offset for our Air Force families. While we fully understand the need to reduce the Federal budget deficit, we feel that America gets the most for its defense dollar by avoiding the false economy of cutting personnel programs as was demonstrated in the late 1970's.

My overall outlook is optimistic. The reforms of recent years have been extensive and we are working hard to employ them to maximum advantage. At the same time, we will work with you, the Congress, to insure that we maintain a compensation package and quality of life that will keep our combat capability at the highest possible level.

II. STRUCTURING THE FORCE

Recruiting: The Air Force is proud of achieving Non-Prior Service (NPS) and Prior Service (PS) objectives for FY 1986. The Air Force continues to measure NPS accession quality using a combination of High

School Diploma Graduate (HSDG) rates, upper AFQT category (CAT I & II) and lowest (acceptable) AFQT category (MCAT IV) scores from the ASVAB. In FY 1986, 98.9 percent of our NPS accessions were HSDGs and 45.8 percent were in the top two AFQT categories. Conversely, only 0.3 percent were CAT IVs. While these indicators compare favorably with recent fiscal years, recruiting was somewhat difficult throughout the year. The combined impacts of a recovering economy, declining unemployment, civilian competition (both industry and post-secondary schools) and budget cuts made recruiting tougher. These conditions will continue to plague recruiting into FY 1988 when the Air Force needs to recruit 61,000 enlisted members. We may experience a slight redistribution of enlistees within our standard quality indicators as we respond to external environmental factors. We are optimistic about our ability to meet the FY 1988 requirement providing adequate compensation is maintained to attract and retain our members, and recruiting resources are sustained at adequate levels. Should the environment deteriorate at an unanticipated rate, success will be jeopardized.

The backbone of our recruiting success has been and will continue to be the all-volunteer recruiting force. The record of Air Force recruiters speaks for itself, particularly in the areas of cost-effectiveness and productivity. Our cost per recruit is the lowest in DOD while recruiter productivity is far greater than the DOD average.

Enlisted Recruiting Objectives

Program	FY 1986 (Actual)	FY 1987	FY 1988	FY 1989
Non Prior Service	64,400	60,000	60,000	62,000
Prior Service	2,110	1,000	1,000	3,500
	66,510	61,000	61,000	65,500

Figure 1

Retention: In 1979, a convergence of economic factors, successive military pay caps, and expanded private sector job opportunities drove many of our talented and experienced military people into the private sector. Fortunately, with the much improved retention climate of the early 80s, retention reached an all-time high in 1983. The lesson learned is that retention can turn quickly and dramatically in just a few years. Despite excellent retention today, shortages still exist, particularly in our high-tech and sortie-generating skills. Competition is strong for our well-trained people, and is expected to remain keen throughout the century. Low retention results in increased training and replacement costs. Because of the long-term implications, we must emphasize retention as a priority issue when evaluating new policies and programs.

Our enlisted force continues to experience excellent retention. Reenlistment rates for the first-term, second-term and career categories remain very high by historical measure. Due to large accessions during the late 70s and excellent retention during the 80s, we now benefit from a large, experienced second-term population. We know, however, that these individuals reenlisted during poor economic times. As this group again passes through the career decision window, it is our job to ensure that a favorable retention climate continues if we are to maintain the momentum. Career airmen reenlistments remain favorable, providing an effective leadership base for our NCO force. We do know that there will be a growth in the retirement eligible population through 1991 and increased retirement activity is expected.

Even with favorable retention, a targeted effort has been needed to keep technicians in some of our high-tech and sortie-generating skills. The most effective tool in retaining these hard-to-keep professionals has been the Selective Reenlistment Bonus (SRB). The importance of the SRB becomes increasingly evident when considering the expanding job opportunities developing in civilian industry. Rapid airline expansion and maintenance personnel retirements have created job alternatives for flightline specialists. Employment opportunities in the electronics and communications fields are increasing much faster than the average. The reenlistment bonus is the key incentive that keeps the Air Force competitive in its war-fighting specialties.

For the next several years, the Air Force will be influenced by socio-economic trends, demographics, technology, and continued constraints on both people and money. Issues such as stable and predictable pay and benefits package, reimbursement to offset the high cost of permanent change of station (PCS) moves, and dental care for dependents remain key retention concerns.

III. COMPENSATION AND QUALITY OF LIFE ISSUES

PCS Management and Reimbursement: The lack of adequate PCS reimbursements is one of the most critical personnel issues facing the Air Force today. For every $3 our people spend on a PCS move, only $1 is reimbursed by the government. The impact of this "negative compensation" compounds the effect of the back-to-back three to four percent pay caps for the past five years. To illustrate the magnitude of the problem, a 1985 Air Force survey showed that, depending on grade, the median unreimbursed (out-of-pocket) costs ranged from about $1,500 for mid-grade enlisted (E4-E6) to over $2,700 for senior officers (O4-O6). Consequently, nearly 60 percent of our Air Force people have to borrow, including withdrawal from savings, in order to meet their PCS expenses.

A recently released 1985 DOD Survey of Officers, Enlisted Personnel and Military Spouses showed that the most frequently cited problems in PCS moves were costs of setting up a new residence, and temporary lodging expenses. The entitlements approved in FY 1986 have helped alleviate some of the financial hardships incurred by military members; however, the FY 1987 Continuing Resolution denied payment of the temporary lodging expense entitlement, funded in FY 1986, except for E-1 through E-4 with dependents. This Congressional action further penalized our members who had been denied the increased dislocation allowance entitlement (i.e., two month's Basic Allowance for Quarters) by the FY 1986 Continuing Resolution.

It is essential that we pursue in FY 1988 a restoral of the temporary lodging expense allowance for members above the grade of E-4 with dependents and for all single members.

Military Pay: Since FY 1982 when the Services received a 14.3 percent pay increase, military pay raises have fallen 9.4 percent below those afforded private sector employees. The last five military pay increases have been capped and the 3 percent raise effective January 1, 1987 compares to a 4.2 percent increase in private sector wage growth. While current retention and quality levels are high, this significant pay raise differential is not going unnoticed by our members. Should this trend continue unabated, retention and recruiting problems are likely to emerge. If this occurred, we would lose a large measure of the experience base we have restored at great cost since the serious retention problems of the late 1970's.

Variable Housing Allowance (VHA) Offset: VHA was implemented on 1 October 1980 and initially was designed to pay each member the difference between the average housing cost for each grade/location and 115 percent of the Basic Allowance for Quarters (BAQ). There were several subsequent changes to the computation of VHA before the FY 1985 Defense Authorization Act restructured the program and established an out-of-pocket absorption factor of 15 percent of national median housing costs for each pay grade. Since increases in BAQ in FY 1985 and 1986 did not keep pace with increases in housing costs, and FY 1987 VHA rates were frozen at FY 1986 levels, a Service member's cost absorption is now as high as 18.9 percent.

Furthermore, in March 1986 the VHA program was modified, requiring Service members to forfeit half the difference between housing costs and the sum of BAQ and VHA for a member's pay grade and area. This offset provision penalizes members who made substantial down payments on homes in order to obtain lower monthly mortgage payments as well as those who bought or rented in outlying suburbs and traded longer commuting distances and time for affordable housing. In addition, the offset has had its most severe impact on junior members who can least afford any reduction in housing allowances. For example, E-5's with an offset effectively lost the entire 3 percent basic pay raise in FY 1986.

Service members are concerned about the erosion of benefits and particularly the inconsistency of pay and allowances from year to year. The continued turbulence of the VHA program is a classic example of such inconsistencies which cause unexpected and needless financial hardship. Accordingly, the Air Force supports repeal of the VHA offset provision and opposes any changes which would further restrict VHA payments or annual VHA rate increases.

Selective Reenlistment Bonus (SRB) Program: The Air Force continues to closely scrutinize its SRB program. Bonuses are paid for only those critical skills that have shortages or insufficient reenlistments to maintain the future health of the skill. Headquarters

USAF reviews all SRB skills at least twice a year and makes program adjustments as required. These programming adjustments consist of adding and deleting skills as well as making appropriate changes to payment levels. Currently, 98 of a possible 246 skills receive an SRB--the majority of them being in the intelligence, electronics, avionics and aircraft maintenance career fields. A 19 percent reduction of SRB new payments in FY 1987, coupled with perceptions of uncertainty regarding future benefit and entitlement issues causes serious concern about our ability to keep people in these critical skills. We need and strongly encourage full Congressional funding of the FY 1988 SRB program.

Family Support Centers: Military families make strong contributions to retention decisions with a resulting positive impact on readiness and national defense. Two-thirds of our Air Force people have family responsibilities. These families affect the morale and job performance of Air Force members and are the dominant factor in the decision to remain on active duty. In today's environment it is essential that we continue to meet family needs. To help fulfill that responsibility we are establishing Family Support Centers (FSCs) at 123 major bases. We will build ten new centers for a total of 64 funded centers in FY 1988, and intend to complete all 123 centers by FY 1991. We strongly urge continued Congressional support for this program.

Appropriated Fund (APF) Support to Morale, Welfare, and Recreation (MWR): MWR programs are one of the best forms of nonmonetary compensation. They provide a direct contribution to morale, fitness and a healthy lifestyle of our people. Their value is ultimately measured in the readiness of our force. At overseas locations they are often the only social activities available to our families. In such instances, they provide food, entertainment and social activities familiar to American tastes and values, fostering a sense of community togetherness and pride.

During the FY 1987 Authorizations and Appropriations hearings, the Committees provided the Services guidance in the funding and operation of these programs. The Air Force response focuses on initiatives to increase the efficiency of our activities and raise revenues to offset the loss of appropriated funds in FY 1988. In this effort we have developed a funding philosophy for categorizing activities for appropriated and nonappropriated fund support which will be provided as a coordinated OSD position. This philosophy recognizes the government's responsibility to fund activities such as gymnasiums, libraries and child care centers that support the organizational and institutional goals of the Air Force. It also recognizes that certain activities such as golf courses and bowling centers primarily benefit the individual and will be supported through self-generated monies and operated as business activities. We are implementing this philosophy in the Air Force. We request the Congress continue to recognize the government's responsibility and moral obligation to provide a hometown environment for our people and not permit appropriated funding to erode further.

IV. LEADERSHIP ISSUE:

Drug and Alcohol Abuse Control Program: The Air Force believes substance abuse is a potential threat to combat readiness and must be met with an aggressive and sustained program of deterrence. We are continuing to focus necessary resources to minimize the adverse effects of drug and alcohol abuse on our military, civilian, and family members. For example, we have strengthened our policies and management practices to provide our field commanders responsive programs to discipline identified abusers and to selectively rehabilitate those retained on active duty. Efforts are now underway to increase the number of persons successfully rehabilitated by further strengthening the quality of our rehabilitation services. An Air Force drug and alcohol abuse counselor certification program is being developed to: improve program standardization, upgrade technician competency, enhance quality control, and increase commander confidence in the rehabilitation program. Concurrently, we have toughened our quality force standards to ensure the retention of productive and well-disciplined members. To solidify preventive measures which combat potential abuse, new approaches in our information and education programs have been employed with continued command and supervisory involvement and support. To address the needs of Air Force families experiencing the persistent, debilitating effects of alcohol-related problems, closer cooperation and coordination between base staff agencies have been regulated. Interagency training seminars and workshops will continue to be conducted to explore and implement new techniques and methods to enhance program services and cooperation. Furthermore, our comprehensive Driving While Intoxicated (DWI) Initiatives Plan has had significant success reducing alcohol-related fatalities and injuries among our Air Force members. For example, the number of alcohol-related fatalities dropped from a high of 87 in FY 1984 to 25 in FY 1986.

Our commitment to control substance abuse has resulted in a steady, overall, decline in drug abuse from previous years. For example, our urinalysis positive rate for marijuana has dramatically decreased from 7.3 percent in FY 1983, when we first began testing for marijuana, to only 1.7 percent in FY 1986. Although alcohol abuse in the US continues to grow at a disturbing rate, our continued emphasis on alcohol abuse prevention and DWI identification has kept alcohol abuse in the Air Force under control. The 1985 DOD Worldwide Survey shows a decrease in the amount of lost productivity due to alcohol abuse (i.e., individuals reporting one or more incidents within a year) from 28.0 percent to 19.4 percent. We will continue to intensify our efforts to further diminish the potentially adverse impact of substance abuse on mission readiness.

V. CONCLUSION

Mr. Chairman and Members of the Committee, as we look to FY 1987 and beyond, we must again seek your continued support for the kinds of programs that insure our ability to recruit and retain the high quality people so essential to combat readiness.

Senator GLENN. Thank you very much.

Our next witness is Master Chief Petty Officer of the Navy, William H. Plackett.

STATEMENT OF MASTER CHIEF RADIOMAN (SURFACE WARFARE) WILLIAM H. PLACKETT, MASTER CHIEF PETTY OFFICER, U.S. NAVY

Chief Petty Officer PLACKETT. Mr. Chairman, distinguished members of the committee, it is a privilege for me to have the opportunity to appear before you and present the enlisted perspective on the quality of life of today's sailor.

First of all, I would like to thank the members for your continuing support of our sailors and their families. Your actions have had a positive impact on the quality of life of our Navy.

Your continued support this year and in the future will be needed if we are to maintain our momentum in improved quality of life in the services.

While the availability of medical care and the ability of the member to find affordable housing for their spouses and children are currently the two major concerns of our sailors, compensation is rapidly becoming a primary consideration.

Compensation is tied to both medical care and adequate housing.

The inability of the service to provide health care to all of our dependents is forcing an increasing number of our families to use the CHAMPUS health care program. This costs sailors money—a cost that is not compensated for.

Housing costs in many of our major fleet locations have skyrocketed, while variable housing allowance increases have been canceled or capped. Pay has been capped since 1983, causing a better than 9 percent disparity between military and civilian wages.

Gentlemen, career sailors do not serve in the Navy entirely because of the pay. However, when the ability of an individual to provide a decent standard of living for his family is challenged, compensation rapidly becomes a front burner issue.

Just as we are trusted with the maintenance and security of this Nation, we must have the wherewithal to maintain the security of our families. Our sailors deserve and need a raise in pay and allowances this year and next.

The availability of child care for single parents and member-member married couples is a growing concern. The moratorium on building child care facilities have caused the Navy program to fall behind the need, as directed by the Active Force.

The issue of religious apparel currently under consideration by Congress will adversely impact on our petty officers.

The current regulation within the Navy allows individual members to wear the appropriate religious apparel while they are in the appointed place of worship and while in their living spaces. They are not allowed to wear religious apparel at any other time. This is a policy that meets the common sense check. It considers the religious preference of the individual, and it is enforceable.

The proposed bills, because of their ambiguity, are unforceable. Each petty officer in the Navy will be required to be knowledgeable of all religious apparel and paraphernalia associated with all religions and the sex thereof. This is an unreasonable demand to place on the deck-plate supervisor or on the command.

Speaking as a senior enlisted member of the Navy, I do respect the practice and beliefs of every religious faith. However, for the good of the service and its people, I cannot support the unrestricted wearing of religious apparel while in uniform.

Thank you, sir.

I stand ready to answer any questions that you or the committee may have.

[The prepared statement of Master Chief Petty Officer Plackett follows:]

PREPARED STATEMENT OF
MASTER CHIEF PETTY OFFICER WILLIAM H. PLACKETT
United States Navy

INTRODUCTION/OVERVIEW

Mr. Chairman and distinguished members of the sub-committee, I am privileged to appear before you in my capacity as the Master Chief Petty Officer of the Navy to present my testimony on the Quality Of Life of today's sailor.

My statement will present the enlisted perspective on those individual considerations which when taken in the aggregate constitute "Quality Of Life." I would like to begin with some observations on today's Navy.

Thanks to the overall support of the Congress our Navy is in better shape today than at any time in my thirty years of service. If I were to choose a single characteristic which is descriptive of today's Navy it would be quality; quality of personnel, material and leadership. The quality of personnel is built on the foundation of sound standards of recruiting and retention. Retention has improved on the basis of the establishment of a Quality Of Life in the Navy that is consistent with the expectations of the sailor. Readiness is inextricably tied to Quality Of Life which must be maintained if we are to sustain the momentum gained in the past six years. Morale is very good throughout the Navy. Personnel view their role with a purpose and look with considerable pride to their contributions to the security of the nation. This pride and morale are in direct contrast to that of the late seventies when the overall Quality Of Life was poor. It is incumbent upon the leadership of the country and the Navy to sustain the Quality Of Life of service personnel in order to enhance the security of the nation.

II. Medical Care:

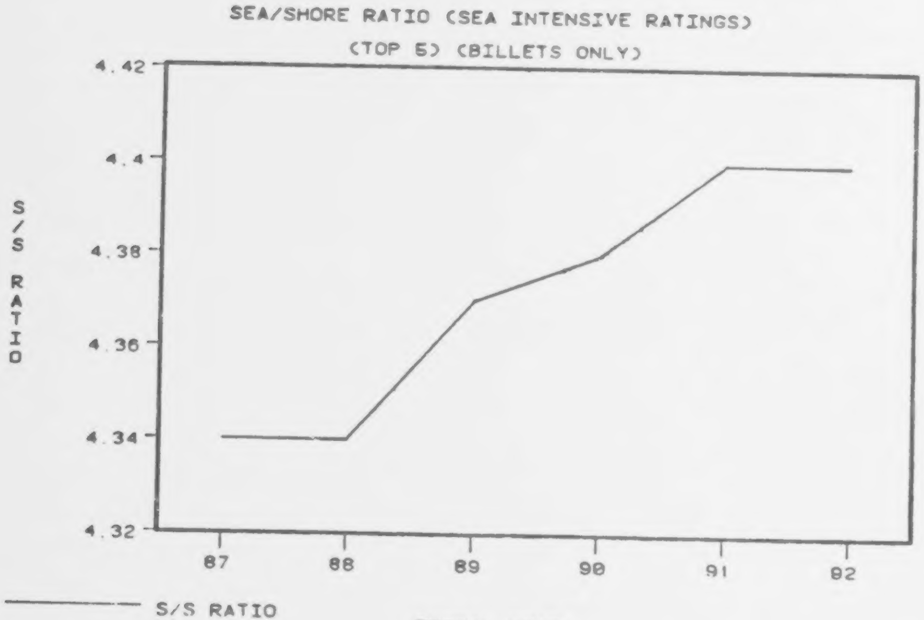
The availability of medical care for spouses and children is the number one Quality Of Life issue in the Navy today. Many personnel are being required to pay out of pocket expenses for medical care under the CHAMPUS program to compensate for the lack of medical care for dependents and retirees at many Navy medical facilities. This is an uncompensated expense that most personnel cannot afford. The lack of availability of affordable medical care for dependents is viewed by service members as an erosion of a benefit which is essential to the peace of mind to those who go to sea for extended periods of time. Sailors must have confidence that their loved ones are secure and well cared for in their absence. The CHAMPUS Reform Initiative currently being tested and the establishment of Navy Primary Medical Care Clinics (NAVCARE) patterned after the Army's successful contract care program are alternatives expected to enhance the ability to meet the health care needs of spouses, children and retirees. However, until affordable alternative medical care is in place, this issue will continue to negatively impact on Quality Of Life.

The Dependent Dental Care Insurance Program scheduled for implementation on 1 August 1987 is a very positive step in providing total health care. The program addresses what has been a glaring omission in family health benefits by partially subsidizing dental care for dependents of active duty personnel. I must emphasize, however, that some of the normal costs for both CHAMPUS health and dental care are borne by our sailors. Further, extraordinary expenses, as sometimes results from unusual medical or dental cases, must often be paid from a sailor's basic pay. On the other hand, many firms in the private sector offer comprehensive medical and dental plans as an integral part of their total compensation packages. Since the Navy must compete with these civilian companies in attacting quality young men and women, I urge the Congress to continue their efforts to provide adequate and comparable medical benefits to our military families.

III. Implication of End Strength Constraints:

End strength is directly related to retention. As the 600-ship Navy becomes reality it must be properly manned. Continued constraints on end strength will lead to increased length of sea tours which are already excessive for a number of ratings. Figure (1) illustrates increasing years at sea vs. shore.

FIGURE 1



Billet profile: Reflects the number of years at sea for every 3 years ashore

FY87	FY88	FY89	FY90	FY91	FY92
4.34	4.34	4.37	4.38	4.40	4.40

I stress that these figures represent an average. Several ratings approach or are at 5 years sea duty for every 2 years ashore. Increased sea/shore rotation periods carry with them more frequent separation from family - the number one reason why personnel leave the Navy. The single sailor is also impacted, both at sea and ashore, through increased work requirements which already exceed 60 hours per week in many cases. Should the trend of capping end strength continue as it has since 1983, we anticipate a down-turn in retention as a result.

IV. Housing:

There is a growing need for housing, to meet the needs of both the married and single sailor. As military housing allowances continue to fall further behind inflated housing costs, fewer and fewer personnel are able to find adequate housing in the high-cost areas surrounding Navy home ports. Many personnel for instance in the San Francisco Bay Area are driving 60-70 miles one-way in order to find affordable housing. Waiting lists for public quarters are excessive in most areas. Much of the impact of limited quarters affects junior enlisted personnel and needs to be addressed through the continued support for MILCON requests for family housing along with expansion of such initiatives as Section 801 Leasing and Third Party Financing. Also needed is support for Navy plans to reduce the current deficit in Bachelor Quarters especially for junior enlisted personnel. Next to the availability of medical care, housing is the most critical issue on the minds of the sailor.

V. Compensation:

A. Military pay is one of the most important factors in retaining our people in the Navy. However, since 1983 our pay raises have not kept up with the private sector resulting in a disparity of approximately nine percent between sailors and civilian workers. Military personnel, while not pleased with pay caps, recognize the need to balance the federal budget. However, should projected pay raises be kept at or below nationwide inflation rates causing the military to suffer a further disparity between military and civilian wage growth and a loss of buying power, retention will probably suffer.

B. The combined impact of limited pay raises, their effect on housing and basic subsistance allowances and the real loss of dollars as a result of the VHA offset has reduced the capability, particularly of junior personnel with families, to achieve a decent standard of living. The offset provision of variable housing allowances should be rescinded and the system of paying VHA allowed to function as originally intended.

C. Out of pocket moving expenses continue to impact families involved in Permanent Change of Station (PCS). The limiting of the Temporary Lodging Expense (TLE) for those personnel under PCS orders to personnel in paygrades E-4 and below has further compounded the problem. TLE entitlement needs to be reinstated for all personnel involved in PCS moves. The lack of an increase in weight allowances for household goods presents the member with additional cost or having to dispose of family posessions in order to meet inadequate weight allowances. Changes to current authorized houshold goods weight allowances are badly needed.

D. Service members are losing money on directed temporary duty travel, particularly in high-cost areas due to limitations on implementing higher rates of per diem written into the authorization legislation. As written, the law allows the implementation of increased levels of per diem only if it will save money. Implementation of higher cost-based per diem rates is impossible under this limitiation. Sailors expect total reimbursement for necessary expenses associated with carrying out directed travel. Right now reimbursement for sailors is far less than reimbursement for government civilian employees who are not limited to a maximum statute ceiling of $75.00.

VI. Family Support:

The Navy recognizes that the family is the retention team of today. Service members frequently make career decisions based on family considerations. Therefore, a network of 63 family support facilities is in place with programs designed to better integrate the family into the service. This program has had a positive effect on retention and provided valuable social services to our families.

Child care availability is an issue with both married and single parents. Currently, there are not enough facilities available to meet the needs of the service. It is not uncommon to have waiting lists in our current facilities of up to 100 personnel. As the number of single parents grows in the Navy the need to provide affordable day care to our service members increases. We need a combined effort in seeking military construction to eliminate the current deficit in child care spaces.

VII. Voluntary Education Program:

The Navy Voluntary Education Program (NAVY CAMPUS) has proven to be a highly useful program in promoting educational opportunity for our active duty personnel. Tuition Assistance is a much used program to support off-duty education that enhances the individual's ability to perform. In addition, federally legislated educational benefits like the New G.I. Bill has proven to be very attractive to new recruits entering the Navy. A significant number of our new sailors (58 per cent in January 1987) are taking advantage of this opportunity as compared to the approximately 24 percent who voluntarily participated in the Veterans Educational Assistance Program (VEAP). The G.I. Bill not only benefits the individual but it provides for society a resource for educating our youth who might not otherwise not have had the opportunity to attend college. I encourage the committee to support the continuation of the New G.I. bill.

VIII SUMMARY:

While there are Quality Of Life shortfalls in the Navy our personnel readiness remains high. Retention has remained relatively flat over the year. However, that may take a turndownward in FY-87 due to a strengthening economy and restricted pay growth. Our leadership has the best interest of the sailor at heart and utilizes our resources to the best advantage for both the individual and the service. Military construction programs are vital to the well being of the service member. Improved availability of medical care along with the provision of adequate housing are the two major concerns of our personnel today and are both key issues in Quality Of Life.

Senator GLENN. Thank you very much.

Next is the sergeant major of the Army, who represents more people here today, I believe, than anybody else here—Sergeant Major Glen E. Morrell.

STATEMENT OF SGT. MAJ. GLEN E. MORRELL, U.S. ARMY

Sergeant MORRELL. Thank you very much, sir.

What I am going to do is briefly outline what I have been hit with from the field during the last 4 years since I have been sergeant major of the Army, and that is the continuing erosion of benefits.

We have had pay caps on our pay for the last 4 or 5 years, and now they are talking about a 4-percent pay raise, and the soldiers do not feel they are going to get that because some people have advocated only a 2-percent pay raise. The noncommissioned officers feel that it is time to have a targeted pay raise, which we have not had since back in the early 1970s.

Household goods weight allowance needs to be increased for the senior ranks in the Army.

Compression of entitlements—if you would look at the entitlements package, you will find out that the junior ranks are getting almost as much as the seniors, and certainly I do not deny them what is their just due. But we should look at the cadre force of the United States Army.

The CHAMPUS and medical care proposal fee system is something that they do not know what it will be. They also do not know what will be with the dental insurance program that is due to come on-line.

The cost of living allowance does not adequately cover the cost of living overseas.

Damage of personal property, of household goods, is not adequately compensated.

Your permanent change of station constraints and the increased tour lengths have adversely affected the reenlistment of our midcareer force.

The force would like to have the transfer of the GI bill eligibility rights to family members. The Vietnam GI bill expiration date of December 31, 1989, when it expires, those who are covered now by that will not be covered by the new GI bill.

The National Guard and Reserves have improved tremendously over the last few years. They will continue to improve as long as support, equipment, and modernization will continue.

The variable housing allowance does not cover cost of soldiers living outside the force structure, doing the duty that is required of them by the United States Army and the United States of America.

Funding for family programs with appropriated funds needs continued funding and support from Congress.

Unaccompanied personnel housing/barracks space is inadequate due to the increased tour lengths, and we are still occupying structures worldwide built at the turn of the 19th century.

Temporary living expenses need to be restored for all ranks. Civilians are authorized $112 a day in the Military District of Washington, while military personnel are authorized $75 a day.

Funding for commissaries needs continued support to provide services and savings to soldiers. Base pay does not cover the increase in cost of goods on the local economy.

Medical care for the retired population is almost nonexistent, and the fact is that the Government reneged on its commitment.

We should make permanent the present GI bill. It is very crucial to the needs of the Army for attracting quality men and women for service. Continuation will not only benefit recruiting, but will strengthen the United States and the returns will outweigh the cost.

Wearing of religious articles and apparel with the uniform is nonenforceable. The Army is for freedom of everyone, regardless of race, color, creed, or religion. The Army is a team. There is no place for individualism. It already allows soldiers to wear religious articles for services and so on.

Women in the Army do a good job and provide the necessary performance which allows males to be used in a direct combat role.

The Active Guard and Reserve program serves its purpose, providing those selected are qualified for the position and in most cases, they are.

The United States Soldiers' and Airmen's Home provides a vital service and needs congressional support. Soldiers and airmen have been contributing money for many years to make it what it is today. The Office of Management and Budget wants to do away with the fund.

Confidence by soldiers for the elected leadership could erode if entitlements and benefits promised by enlistment contracts are cut back.

The Army will only be as good as it is supported by Congress, and we should never put a price tag on freedom.

Thank you very much, Mr. Chairman. I would be more than happy to answer any questions.

Senator GLENN. Thank you.

Those are all excellent statements.

Senator Shelby, do you have any comments to make before we start our questioning?

Senator SHELBY. I have no opening statement, Mr. Chairman. When it comes to be my time, if we do have some time, I have a few questions.

Senator GLENN. Very good. Fine. You are aware, are you not, that we may have some votes starting at about 2:30, four of them, back-to-back, which is going to break up this hearing a little bit.

Senator SHELBY. Yes, I am.

COMBAT READINESS

Senator GLENN. Gentlemen, I would like to start out this afternoon by getting your views on the combat readiness of the men and women in uniform.

The only reason we have a military is not for parade grounds. It is in case we have to go to war and somebody gets shot at and does the shooting back for this country. So combat readiness is what we have stressed through all of these manpower hearings this year.

That is the bottom line. We can never lose sight of that.

Having said that, combat is not all equipment, it is not all high tech. It is the people who man it and the people who go out there and do it. That is the reason we are having these hearings.

So, as senior enlisted advisors, you, perhaps, have the very best first-hand view of the overall readiness, combat readiness.

Let me just ask a general question first.

Are you aware of any deficiencies in personnel manning? What are they? How can we help correct them?

Sergeant Morrell, you indicated some lack of confidence in your statement a minute ago in some of the assignments or the qualifications for them.

Would you like to expand on that a little bit?

Sergeant **Morrell**. Well, I was talking specifically there, Mr. Chairman, about the Active Guard and Reserve (AGR) program, which allows use of AGRs to fill full time program spaces.

That program does a good job, if the right people are selected for those positions. I have seen some problems where the most fully qualified individual was not available for a specific position.

I would like to see the AGR program continued, but, at the same time, I would like to see it policed up a bit with more emphasis on qualification.

There is a little bit of "brother-in-law" action that goes on in that program, and it definitely does need to be tightened up. [General laughter.]

These comments are from my perspective and from what I have seen in the last 7 years, since I have dealt pretty frequently with the Reserve components.

Senator **Glenn**. OK. I may want to talk to you privately about that a little later on. That is a good point.

Sergeant **Morrell**. Yes, sir.

But, as far as the readiness of the force, the Army—and I will speak for the Army—can do anything that the mission statements require against the threat as we know it, through the year 2000.

The only impact that would preclude us from doing our mission is if we do not continue to get the resources we need to continue our modernization program and to continue to attract the quality people that we need.

Senator **Glenn**. Thank you.

I will keep my first round of questions to 5 minutes, Senator, so that we can both get a chance before we have to leave to vote, if the vote comes on time.

Let me follow up on the Reserve situation because that is one that we have spent a lot of time on in these hearings.

It has been very disconcerting to find that we have about 50 percent of our combat force that is going to come out of the Reserves. In the Army, in particular, about 55 percent of the Army Reserve units were rated as not combat ready—C-4 or below. That has concerned us a great deal.

Sergeant **Morrell**. Yes, sir.

[Additional information follows:]

Reserve Component Readiness

However, overall Reserve component readiness is the best it's been in history. RC unit have more and better soldiers, as well as more Guard and Reserve soldiers on active duty. The fielding of new, modernized equipment and the redistribution of Active component (AC) equipment to RC units has accelerated.

The Army has made substantial progress in RC readiness in recent years, but we also recognize that much work remains. Overcoming shortages of equipment and personnel, caused by many years of underfunding, cannot be accomplished in the span of just a few years. Resource limitations require that we prioritize our efforts on a "first to fight" basis for both the RC and AC units. Steady progress is being made; however, continued support by Congress is essential to maintain positive trends in RC readiness and capability.

Senator **Glenn**. General Meyer, when he was still over there in the Pentagon, had indicated that maybe we had gone about as far as we can go, and maybe a little bit too far in putting things off the Regular services and on to the Reserves.

I would appreciate your view of that and whether we can put more on the Reserves. Should we take some of that back? Do you find a lack of training out there that would hinder us in combat? Is there a proper balance?

What are your views on that, Sergeant Major?

Sergeant **Morrell**. No, sir. I believe that the plate for the Reserve component is full at this time, sir, we should carefully think about additional missions.

I would say, a lot of our units have a C–4 rating, that is a distorted way for the Army to show the structure of the organization. I think it should be changed, personally.

Senator **Glenn**. What? The criteria that make it C–4 or what?

Sergeant **Morrell**. Yes, sir. I just do not think that it gives a good projection of what the capability of the unit is by a C–4.

[Additional information follows:]

While AR 220-1, Unit Status Reporting, states that a C–4 unit is "Not combat ready," it also allows that prevailing circumstances may still allow the unit to be deployed through a restructuring action that would take advantage of whatever residual capability it possesses.

Senator **Glenn**. Well, now, if that is true, what you are saying, then is we should change the C–4 rating.

Sergeant **Morrell**. Well, I agree with you on that, sir. Some people will say that units don't have the equipment.

We have POMCUS sets of equipment in Europe that designated units can fall in.

I would say anything can be improved, but the training that I have seen the Reserve components do in the small periods of time that they have to do it, they do a damn good job and do it very well. We need to continue to support them and modernize the equipment that they need.

Now, I would not say that we need to give them whole, complete sets of equipment in all instances. So they need a few pieces of the equipment so that they can train during their monthly drills and sufficient equipment available for their summertime 2 weeks annual training.

I think in some instances that would serve us much better than trying to give each unit all the equipment. However, at Fort Stewart, Georgia, we have an armor round-out brigade of M–2 tanks, and the whole package to go with it. This unit deploys with its parent unit, and as an early deployer needs the equipment even if not used on a daily basis.

Senator **Glenn**. Now, in the C–4 rating, that is supposed to be taken into consideration, as I understand it. They are given training equipment, but if they are going to use POMCUS equipment, that is supposed to be taken into consideration.

If they have training equipment, then they would go and use the equipment that is over there, prepositioned for them, and so on.

RESERVE STATUS OF THE NAVY

How about the rest of you? What about the Reserve status in the Navy?

Chief Petty Officer PLACKETT. We have poured a lot of resources over the course of recent years into the Naval Reserve, building it up, modernizing it, putting first-line equipment to our Reserve units so that they will be ready to go.

We have had to call on those Reserve units, and they have demonstrated their capabilities, particulary during the Lebanon crisis, when we called battleship *New Jersey* over there and rotated a significant number of Reserves through that ship to round out the crews.

As I visit our Naval Reserve force ships up and down the east and west coasts of the United States, I see a good state of readiness. I see a center manning problem in terms of ships and are required to spend a lot of extra hours working to keep the ship ready to go when the Reserves do ship out.

Senator GLENN. My 5 minutes are up. I will get back to the other two of you later on.

Senator Shelby, go ahead.

Senator SHELBY. Thank you, Mr. Chairman.

Like you alluded to, they probably don't know that we are going to have about four or five votes clustered together in a few minutes.

Senator GLENN. I told them at the beginning of the hearing that at about 2:30 we will probably have to go vote.

COMPARING TODAY'S ARMED FORCES WITH 10 YEARS AGO

Senator SHELBY. I would like to ask all of you basically if you would compare the soldier of today, of 1987, in our Armed Forces branches, all of your branches, with a soldier of 10 years ago, in terms of intelligence, training, morale, and ability, and what effect, if any, has the GI bill had on recruiting and retention there?

Chief Petty Officer PLACKETT. Sir, there is no comparison. It is night and day.

The quality of the sailor today is the best that I have seen in over 30 years of service.

They are intelligent, well prepared individuals. They have rediscovered a work ethic somewhere, and have brought that to the Navy with them.

They are very receptive to the training that we do provide for them. Their attitudes toward the drug culture that was a subculture in the United States during that period of time has changed dramatically.

They are just a good quality young American who we can take and mold.

EDUCATIONAL LEVEL

Senator SHELBY. What about the educational level?

Chief Petty Officer PLACKETT. The educational level is increasing.

Senator SHELBY. Yes. We have had stats on it.

Chief Petty Officer PLACKETT. As you know, the Navy has the lowest number of high school graduates and the highest number of mental category 4 personnel. But, when you compare what we do for a living in the fire rooms of the aircraft carriers and oil fired ships that are still out there on the line, you can understand why we do not attract and retain 100 percent high school graduates to come in and become involved in some very arduous duty which takes them away from their families for a prolonged period of time.

We work with these people. We do a significant amount of remedial education to bring them up and turn them into good, solid sailors who are combat ready.

Senator SHELBY. What about for the marines?

Sergeant CLEARY. For the Marine Corps, Senator, I would echo the Master Chief's comments that they are extremely capable on readiness. But one of the reasons, several of the reasons, are quality of life, again—what we have going for us today in comparison to about the same end-strength 10 years ago is that 10,000 to 20,000 should not have been in our Corps 10 or 20 years ago, especially during the draft. They didn't want to be with us, we didn't want them, they filled our brigs, and they are not with us anymore.

In fact, we don't even have a 10 percent factor. I always used to look, as a sergeant major, for the 10 percenters. We don't have that. I can't even find 1 percent.

They are highly educated, and they are looking for education. This is one of the reasons they join the service, whatever service, though I can speak for the Marine Corps. We are demanding of them. They have to have a high school diploma to come in our Corps, and when they leave 5 years later, they have that same high school diploma, if we do not provide some type of education for them.

This the problem today in some respects, when we are talking about the GI bill.

The individual who won't come in our service—and it is in my statement, and I really believe this—he or she goes to college, smokes pot sometimes, or goes to parties and gets a degree in 5 years, and the individual who dedicated himself to come into our Armed Forces, whether it be for 4 or 5 years, has no intention of staying for a career. He gets out, and when he gets out, he has the same high school diploma in most cases that he had when he came in. We demand it.

So, in fact, we sort of penalize people for coming into our services, when you really think about it. People who didn't want to come in are better citizens—no, not better citizens, but better educated. The marine, speaking for the marines, is a better American, but needs the education, and he or she has to get it somewhere.

That is why I believe in the GI bill, Senator.

Senator SHELBY. It gives them an opportunity.

Sergeant CLEARY. Yes, sir. It provides for them.

Sergeant BINNICKER. There is no comparision between 10 years ago and today in quality, attitude, enthusiasm, patriotism. They come into the Air Force, their No. 1 reason is they what to get an education, and the No. 2 reason is they want to learn a trade.

But, clearly, the statistics are there. They come in for that education.

Senator SHELBY. As far as remedial education, is a lot of it math and the sciences and so forth?

Chief Petty Officer **Plackett**. Primarily math and English, sir, to bring them up to the necessary reading levels, to work with the publications that we have.

Senator **Shelby**. They have to have that to run those weapon systems.

Chief Petty Officer **Plackett**. It's very fundamental, yes, sir.

Sergeant **Morrell**. Sir, I would say one thing from the Army's point of view.

You know, the Army has always been good. If it had not been good, then we would not be sitting here in this fine office this afternoon.

I don't take anything away from anybody who has served. I know they served with great pride and they had a good Army back at the time. But the reason that we have a better Army today than what we had back then is we have a very much smaller Army and we have to manage it much better.

The way to do that is to attract quality people, and the GI bill will certainly help us do that. At the same time, we have been better resourced and we have better equipment today and we have the money to train and exercise that equipment, which we did not have in the past.

So, if you are asking is the Army in better shape than it was 10 years ago, you are absolutely right. It certainly is, and hopefully it will continue to get better.

But the GI bill is very crucial to us, to make sure that we have the quality person that we need with the weapon systems that we are bringing on, which reduces the manpower requirement that you have because of the way the weapon system is configured.

This has helped us out a lot, by doing that. Then we know that a much better educated person is going to stick with something longer, and they will stay with us other than what people did back a long time ago, when we had the draft.

Senator **Shelby**. Mr. Chairman, I know my time has expired, but I would like to ask one more question of the witness, if the Chairman would permit me.

Senator **Glenn**. Sure. Go ahead.

Senator **Shelby**. You talk about the small Army, the small services, compared to when. With such a small and compact service, all branches of the service, is it more incumbent to have a Reserve that is of the highest calibre and is the best trained to augment this whole thing, whether it is the Army, Navy, Air Force, or Marine Corps?

Sergeant **Morrell**. Yes, sir. I agree with you on that, sir.

But everybody must remember one thing about Reserve component.

Take a soldier and recruit him in the Army and count only his time other than in basic and AIT. This soldier spends 20 years in the Reserves and attends every drill and every annual training during that 20-year period. You end up with an individual who has 3 years active duty experience.

We equate how much experience does a person in the United States Army have with 3 years and much experience and maturity from his civilian job.

We should never lose sight of that perspective. We rely upon the Reserves. We understand that. They can get out and do the job.

Senator SHELBY. Thank you so much.

Mr. Chairman, thank you for your indulgence.

Senator GLENN. Thank you. We can rotate with 5 minutes on and 5 minutes off until the buzzer goes—and there it goes.

Senator SHELBY. You go ahead, Mr. Chairman.

GI BILL

Senator GLENN. The GI bill—you have all mentioned that as an important tool, recruiting, getting good people in. They are looking for something more out of life. But we do not have much experience with it yet.

Is there a chance that this might actually hurt retention?

Sergeant MORRELL. The Army's retention and recruiting would suffer.

Senator GLENN. Well, I think it encourages recruiting, but I have wondered about whether it hurts retention because people are getting in with just the idea of getting the GI bill and then getting out.

Sergeant MORRELL. Yes, sir.

Senator GLENN. If so, then you are going to have a bigger turnover and you are going to have more of a training requirement, and what we gain on the oranges we lose on the peaches, or something like that.

Now, I know you had in your statement, Sergeant Morrell, something about passing on the GI benefits to a family members. Now, that is something. If a person gets in and likes the military and decides to stay in, it could be passed on to a family member, which is a big incentive.

It would have been at one point in my life, anyway, I know that. So maybe that is something else we should consider.

But I have worried about the retention.

Sergeant Binnicker, do you have a suggestion?

Sergeant BINNICKER. I think it would hurt retention in some of our skills.

Senator GLENN. Is it going to up training requirements, then, over the long haul, because you are going to have more people cycling through,

Sergeant BINNICKER. I think when they come in, they get the idea they want to go to college because that is the thing to do when they are at that age group. Once they get in and find out that they like the military, a lot of them pass that up, as we have seen in the Vietnam era GI bill. A lot of them are still in, and they did not take advantage of it.

Senator GLENN. Thank you.

Sergeant Cleary?

Sergeant CLEARY. Senator, you probably would have to extend the timeframe. I know what you are getting at. If they are going to come in for 20 years, then maybe by coming into the services, by joining our services, then we extend the time so that it is a fixed amount of time at the end of the 20 years. They are not going to get out between the 10 and 20 years.

But, would it hurt retention? Right now, in the Marine Corps, speaking primarily for the Marine Corps, there is a period in there, there is a lapsed, grey area, where individuals getting out, we've got up till 1988 with the present GI bill, the new GI bill, as we refer to it. Then we have the 1989 timeframe, where an individual—and I would not use myself or Sergeant Major Morrell, retiring this year, as an example—but I don't think we will rate our 36 months or 48 months or whatever. We are going to take a penalty for staying in the Marine Corps or in the Army for 30 years.

Senator GLENN. Chief?

Chief Petty Officer PLACKETT. I don't think it is going to hurt our retention, Mr. Chairman. I think it is part of the total package that we look at.

We see a lot of people in the Navy who use in-service benefits. That GI bill is an avenue for that—not to take the place of tuition aid, but to be a supplement to it.

The thing that bothers me and something that needs to be worked is the "Catch 22" that certain people are in right now, as it relates to the GI bill and the termination date for the Vietnam era GI bill.

We have a certain number of people who are in a "Catch 22". They are up against high year tenure but yet will not have the opportunity to take full advantage of the eligibility that is available to them. We are seeing them leave the Navy sooner than they would otherwise.

Senator GLENN. Sergeant Morrell.

Sergeant MORRELL. Sir, we have retained about 35 percent, and that is a good number. If you go back and look at the way we used to do business, you get people who come in for 2 years and they get out. So, if you have someone who comes in under 4 years on the college program that we have in the GI bill, then we retain them a lot longer and your cost is driven down from that. So the payoff is much better with the GI bill, even though they may get out.

We have data that state that it fits our needs real well and does not have a grave impact on retention.

Senator GLENN. Senator Shelby, I do not know if you want to get in another question—I almost called you "Sergeant Shelby" and gave you a promotion. [General laughter.]

Senator SHELBY. I have another question, Mr. Chairman, if we can get it in.

MILITARY OUTPATIENT MEDICAL CARE FACILITY FEE

Are you all familiar with the charging of military dependents and retirees a users fee for each visit to a military outpatient medical care facility?

Senator GLENN. Richard, let me just say that that was not a vote buzzer. That was a quorum call. I did not realize that. I thought we were going to have to leave, but we can go ahead for 5 minutes each.

Senator SHELBY. Thank you. The fees for the medical care facility, how does this program work? Is it negative?

Sergeant MORRELL. Very negative.

Chief Petty Officer PLACKETT. Negative, yes.

Sergeant MORRELL. What is negative about it is it is going to cost more money to implement that doggone thing to count the money. And then, the American public stands a chance of having a soldier who has a problem with a child, and the people in the military are very proud, and they would not go to the dispensary because they did not have the $10 fee. So, then, someone will end up with egg on his face because of that, and then I guess the military will get pounded because they did not have some means to usurp that or do something about it.

So I don't think that the user fee is going to do a thing except put employment out there for someone else who will have to count the money. The offset on it is going to cost a heck of a lot more money.

The problem, as I see it, is the user's fee is not going to cut down on the use, because we cannot even take care of the people we are supposed to be taking care of right now. Now we are just putting another "Catch 22" in there.

I think that is just a cheap way of doing business, myself.

Senator SHELBY. I agree with you. I didn't advocate it and I think it ought to go.

Chief Petty Officer PLACKETT. The thing that brothers me is very fundamental, sir. This is a benefit that is provided for our people. Doggone it, if we get down to where we are charging our members for something that they should rightfully expect, then we are off on a tangent.

The second thing that bothers me is this. What kind of infrastucture is it—it's the same way with our morale, welfare, and recreation—what kind of infrastructure are we going to have to build to administer this program, and how much is that going to cost us out of dollars that could be programmed into the provision of medical care, adequate medical care, for our people?

Sergeant BINNICKER. As I understand it, sir, the reason for this test was to reduce the frivolous use of medical facilities.

Anyone who has gone through the appointment process on sick call and who has sat out there and waited would gladly pay $10 to see the doctor to get out of the appointment process.

So I don't think we have any frivolous use or hypochondriacs on sick call.

I agree with everything that has been said. Yes, it will cost more money to collect it. But the reason for it, the frivolous use of our facilities, is outlandish. I cannot support that.

Senator SHELBY. Sergeant Major Cleary.

Sergeant CLEARY. The end result, sir, I don't think is going to accomplish what their intention is, whatever that intension was. I totally disagree with it. I think it is another perception out there, and if that is the word, it's another erosion of another benefit. It is taken seriously on the Marine Corps side of the house.

Senator SHELBY. As a Senator, I have heard from a lot of people in Alabama, from Fort Rucker, Maxwell Air Force Base, and other installations in my State. I appreciate your comments here today.

Thank you, Mr. Chairman.

Senator GLENN. Thank you. We will just keep going with our 5-minute shifts until we can't go any further.

MILITARY PAY RAISE

The Department of Defense is requesting a number of compensation initiatives in the budget request for fiscal years 1988 and 1989: a 4 percent first year, 4.3 percent pay raise in both those years.

Now, I have supported the 4 percent full request. But there are going to be a lot of pressures to hold the pay raise to the level that will be authorized for Federal civilians. The pressures are there because of the fiscal climate we find ourselves in. It is going to be tough. We will do the best we can.

Would each of you comment on the requested pay raises and tell us how this ranks in importance with the troops? In other words, out of the total pay compensation package, you have pay, you have housing allowances, you have various special incentive pays, reimbursements for travel or cost of living adjustments for personnel overseas, exchange, commissary, medical benefits. You have already commented on some of these. There is a whole package of things there.

Where does this pay raise rank in importance with those other things if we have limited dollars to spend?

Chief, do you want to start off?

Chief Petty Officer PLACKETT. I think we have to put the pay raise pretty much up toward the top, Mr. Chairman, primarily because it is a retainable benefit. It does not go away in the future.

It is the pay that has been eroded by the caps that have been put on the other allowances. Our variable housing allowance offsets that came into being last year cut down on the ability of our people to put their families in decent housing.

As you know, we operate in very high cost areas, and because of that total compensation of allowances to provide for housing along with the pay, we have people in the San Francisco Bay area, for instance, that are driving 70 and 80 miles one way to find affordable housing.

Now that makes a case for housing allowances, yes, sir. But those housing allowances are subject to change at any time.

Our pay, once we have it, is something that is not going to change overnight on us. So I have to put it up very high in the priority of compensation.

Senator GLENN. Thank you.

Sergeant Major.

Sergeant MORRELL. Well, sir, I never understood why we have to go to the civilian sector and say well, you can't draw a little more money than what a civilian does because I don't think you can equate a military job to a civilian job. I think that is unfair to a soldier.

At the same time, I think a soldier should be adequately compensated for what the United States of America expects that soldier to do and that soldier's family. The soldier has responsibilities and he has things that he wants to provide for himself and for his family. I just do not think they should be denied that.

It goes back to what I have said many, many times: why do you want to put a price tag on freedom?

Mr. Chairman, I know you don't want to do that. But I am just saying that I cannot understand that, and the soldiers do not understand that in that light.

People will say we are 9 point something percent behind the civilian pay raise now, and that all depends on who is doing the figuring up there. I can do the figuring and show you that we are about 19.8 percent behind the civilian pay raises.

So, pay raises are very up front, in the uppermost part of the soldier's mind.

Senator **GLENN**. Sergeant Major Cleary.

Sergeant **CLEARY**. Compensation, Mr. Chairman, is running neck and neck with medical. I think if we want all our young marines, as I previously stated—70 percent of them are living off the base, not because of choice. And if we are not going to give them the money, then we have to build. It has to be one way or the other.

We have to build more milcon. But, if we do not, again, we have to keep up and keep above the C-level with compensation.

It is very important thing and it is also a retention tool, a very important retention tool.

Senator **GLENN**. Sergeant Binnicker.

Sergeant **BINNICKER**. Sir, I would say it would be No. 1. But it is also part of a very important package. The PCS reimbursement would be part of that, the VHA offset.

Senator **GLENN**. I can give you a 2-hour speech on PCS. It is a subject near and dear to my heart. [General laughter.]

We are going to have to work on it over the next couple of years.

Senator Shelby, go ahead.

Senator **SHELBY**. Thank you.

WOMEN SERVING IN COMBAT ROLE

There has been a lot of talk in the committees about women serving in more of a combat role in the military. There is some legislation regarding that floating around.

How do you feel about that, about women in combat support positions?

Sergeant **BINNICKER**. The Air Force is working that very hard. I think the bogey that was placed upon us, has been negotiated because we have gone in with a free-flow system. Last year, I think fiscal year 1986, we accessed some 18.6 percent, and we anticipate 19 percent this year. It fits very well with our mission. We only have four enlisted skills that restrict women, and they are combat related. They work with the Army very closely.

In the officer side of the house, only a few airplanes have been restricted. Some reconnaissance airplanes go into combat, some are standoff reconnaissance. We don't have a problem when they are standoff reconnaissance, but we do have a problem, for example, with the RF-4.

But in the enlisted world, they are working very well.

It is a free flow system. We have not capped it. We have not restricted anyone. If they are quality, they come in.

Senator **SHELBY**. I want to say that that is not my legislation.

Chief Petty Officer **Plackett**. Sir, our approach to women in the Navy is a prudent approach—to be able to utilize that resource, a very valuable resource, wherever possible.

When we started talking about combat support in terms of the entire United States Armed Forces, we have to kind of single out each service. When you talk about combat support vessels in the United States Navy, you are talking about high value targets, because we are talking about ammunition ships, we are talking about oilers, we are talking about those ships that travel in company with the main battle group that are an integral part, as a matter of fact, the lifeblood, of it.

So we need to be very careful when we start talking about what is and what is not combat logistical support.

We are utilizing our women I think very effectively. We are managing them in a much more efficient manner now than we have been in the past, and are constantly looking for ways to improve the opportunities for our women to go to sea in ships.

Sergeant **Morrell**. Well, sir, that is way above my pay grade, but I will tell you that I think what the Army has done in the role of the female soldier has been good. We have opened up the forward support battalions to them. We knew we were going to have to do that because of some of the manpower constraints that we have had.

But the question of whether they could have a larger role on the combat arms side of the house, I just do not feel at this particular period of time that we need to go that far. I hope that we never have to.

Now I am not saying here that a woman could not raise hell on the battlefield. They probably could. But I just do not think that society is ready to accept women being put into body bags when you turn on instant warfare on the television set.

I think that is something the Congress is going to have to deal with and the Secretary of the Army.

Senator **Shelby**. Mr. Chairman, thank you.

Senator **Glenn**. Thank you, Senator Shelby.

Just a couple more questions and then we are going to have to break here because that light up there is for a vote. So we are on for real now.

When the five lights show, I will have to leave also. But I will continue until we see five lights.

WOMEN IN THE MILITARY

We have legislation before us on women in the military, and I have not been able, myself, to really separate out in my own mind what would be the difference between combat support units and full combat.

I think, as the Chief points out, as least in the Navy, when you are out there on a combat support ship, you are as much in combat as the capital ship is. In a case like that, in fact, you are a priority target because without that support ship, everything else stops. It is a war-stopper if you get some of those ships out there that are supplying different things that are needed.

But that is one that we have to deal with and I am not sure where we go with it, one of these days. We are going to have to deal with it because we do have bills before us.

We have some 110,000 military couples who are married, members to members. Are there unique problems that give you any trouble in that area, Chief?

Chief Petty Officer **PLACKETT**. Yes, sir. They have given us particular problems.

Senator **GLENN**. On transfers, new duty stations, or what?

Chief Petty Officer **PLACKETT**. Well, we are pretty well able to accommodate co-location, Mr. Chairman. Where we run into problems is in compensation.

We have sea duty and we have shore duty. Our policy is to never put both members on sea duty simultaneously. But it does happen, and it does happen to the degree that when it does go down, one of those individuals loses his basic allowance for quarters.

Now, they are only allowed to draw single BAQ anyway, unless, of course, there is a dependent child, which, when you break out the statistics, there are not that many with our member-member married couples.

But when we separate the individuals, we take part of their compensation away from them for quarters, and that is a continuing problem for us.

Senator **GLENN**. Sergeant Morrell.

Sergeant **MORRELL**. Sir, we have somewhere I think around 22,000, the last time I took a look at it, of Army married couples. We deal with that very well on the assignments process.

Now the problem that we are going to have, and the majority of the people out there know this, is as they continue to make rank and get into the higher rank structure, then it is going to be very hard to assign those people to the same installation. Again, that is because of the small Army that we have and we have to make the best use out of the resources that we have.

But, as far as any, major problems, we are not experiencing any, with the exception that I have been hit out in the field. I have soldiers married to people in the Navy, the Air Force, and the Marine Corps. Now we can't do anything with that sort of situation.

Chief Petty Officer **PLACKETT**. We don't even know how that happened. [General laughter.]

Senator **GLENN**. Sergeant Binnicker.

Sergeant **BINNICKER**. Sir, we work the problem very hard. We have put the word out in the field that we will not establish a billet to accommodate a military couple. If there is a requirement, we will put them there.

We find, in the junior grades, that it is relatively easy to transfer them from point A to point B. As they get more senior, to one-deep positions, it is very difficult.

We still enjoy a high percentage of assignment success.

What I find, though, is with a lot of couples, their careers will collide, and one member will become the dominant career and the other member will get out of the Air Force.

So, it is not a problem as I see it.

Senator **GLENN**. Sergeant Cleary.

Sergeant **Cleary**. We are having a problem now, Mr. Chairman. We have tripled the number. But when they are assigned to major commands, that is what we are doing now.

But we are going to see a problem in the near future with our 17,000 Category B billets, such as I-I, sea-going, and other billets, where we have to separate the spouse and the husband. So we are going to have a problem in the future. But we don't have one right now.

Senator **Glenn**. I think we have gotten far enough so that, with what we may submit to you in questions, this record should be fine for you gentlemen right now.

We will submit additional questions for you to answer in writing. We are going to have to hear the other panel when I get back, and it will probably be at least 35 or 40 minutes for these votes. So we are going to run short on time.

We appreciate your being here this afternoon.

Did you have any further comments?

WEARING OF RELIGIOUS APPAREL

Sergeant **Cleary**. Mr. Chairman, I would like to go on record for the Marine Corps on the issue of wearing of religious apparel.

We are definitely against it. It violates good order and discipline, and we just cannot live with it. When you are voting, sir, or any of the other Senators, we would appreciate it if you would vote for the enlisted marines. We don't want any part of it.

Senator **Glenn**. We will have that on the list of questions that we sent over because I value your opinion.

Sergeant **Cleary**. Thank you, sir.

Senator **Glenn**. We had a lot of debate and discussion about that last year, as I believe you are aware. I think we have had some other conversations about that. Some of us bent our pick on that one last year and thought the Pentagon did not do much to support our point of view on that.

Sergeant **Morrell**. Sir, we have to enforce that.

Senator **Glenn**. I know.

Sergeant **Morrell**. By golly, it is nonenforceable.

Senator **Glenn**. I don't disagree with you at all.

Sergeant **Morrell**. And I'm talking about the NCO corps as the one that has to do it.

Senator **Glenn**. Gentlemen, thank you.

We will proceed with our second panel when we return. We will get back as soon as we can.

We stand in recess until either I or another Senator returns.

[Subcommittee recesses: 3:00 to 3:55 p.m.]

Senator **Glenn**. The hearing will be in order.

I apologize for the truncated nature of the hearing this afternoon, but it is beyond our control. We had no way of knowing there would be four back-to-back votes. We have blown almost an hour and I am sorry the recess took that long. But that is the way it goes.

For our second panel, we have representatives of selected military associations who will share with us their views on the man power and personnel problems of the Department of Defense.

As in past years, we received a number of requests from the public to testify on matters that fall under the jurisdiction of this subcommittee. It was not possible to accommodate all of the requests because of our tight schedule. This year, we asked the Council of Military Organizations and the Military Coalition to select representative organizations to testify. We also invited written testimony from those organizations that will not be able to appear.

Today we are pleased to welcome CPO Robert W. Nolan of the Fleet Reserve Association; Col. Charles C. Partridge, of the National Association of Uniformed Services; Sgt. Maj. "Mack" McKinney of the Non-Commissioned Officers Association; Maj. Gen. Evan L. Hultman of the Reserve Officers Association; and Vice Adm. Thomas J. Kilcline of The Retired Officers Association.

These gentlemen are all retired members of the armed services, who bring with them over 150 years of combined experience in the military. We look forward to receiving their testimony.

I believe each of you has provided a written statement for the record. Before we start our discussion, I would like to ask each one of you just to make any brief opening statement or summary statement, as you would see fit.

So let's start at this end [indicating].

STATEMENT OF VICE ADM. THOMAS J. KILCLINE, U.S. NAVY (RETIRED), PRESIDENT, THE RETIRED OFFICERS ASSOCIATION

Admiral KILCLINE. Thank you, Mr. Chairman. It is delightful to be here today.

Senator GLENN. It's good to see you.

Admiral KILCLINE. I think that you know that my experience spanned over 40 years duty in the Navy. Today, I am the President of the Retired Officers Association, an association of over 353,000, representing all the services, Regular and Reserve.

This is a special opportunity for us to share our concerns with you, understanding and appreciating the contributions that you have made and the understanding you have for all of the things that we are interested in.

We are truly, sincerely, and significantly concerned about the acutal effect of the continuing efforts to modify the many aspects of military personnel support structure. While we all want to reduce costs and improve efficiency and to modernize, we see actual costs in morale and readiness and service that could easily overshadow any savings in the budget.

Personnel readiness today is superb, and we all have good reason to be proud of the quality of our young men and women in our volunteer force. The services are at a very critical stage as they face the challenge of demographics and a good job market for all those well-trained young people.

There are enough well documented trends today in retention that are disturbing. We have to appreciate how quickly we can slip back in to the hemorrhage of talent that we experienced in the mid 1970s.

Climbing out of such stituations involved great expense and a period of lower readiness.

I would like to talk about a couple of special items. The new GI bill is one. It is a very intelligent balance. It obtains from the young people a commitment that they can afford and a commitment to education. It has significant impact on our ability to recruit properly, especially in the Army and the Reserves.

Along with my friends here on the panel and several others, I was invited to accompany Chairman Montgomery and some of the people from his staff when we visited basic training facilities of all four services. I was very impressed with what I saw. The attitudes of the services ranged from very supportive to enthusiastic. The observations that I made convinced me that we really need this program.

In my formal statement, there are some specific suggestions. But the No. 1 thing is to support the new GI bill.

Pay comparability is critical. You have heard from the senior enlisteds. I think they said it better than I can.

We worked hard to correct a gap in 1979, and our gap today is even greater than in 1979. We cannot really let that gap increase any more at this point.

The proposal to consider the establishment of user fees for military medical care is a major concern for everyone. The stated reason, to reduce frivolous use, is an insult.

I wonder who is trying to describe "frivolous use." I think they just do not understand preventive medicine. There are a lot of young people who go in because they are not sure what is wrong with their child. If it turns out to be nothing wrong, that does not classify it as frivolous. But I am afraid too many people do tend to classify it in that way.

To me, that is the biggest danger, the user fee. It would discourage people from probably the best practice of medicine, which is preventive.

The other challenges of health versus food and such things as that are very important. There are many reasons for eliminating user fees, not even testing them.

The CHAMPUS reform initiative is of some concern. It is a major change. The biggest concern is to make sure that the right questions are asked. And as they form their test, and I hope, in fact, it is a good, thorough evaluation, and not just an implementation plan, we must make sure that all the right questions are asked and that they have the proper controls that are needed.

There are a lot of other issues. The sergeant major of the Army went through quite a litany of them. There are so many different things—another look at commissaries and all the other kinds of things.

Haven't we done this often enough? It is difficult for the young people in the service to understand the instability in the kind of things that they think of as part of their lives. It undermines the confidence that service members must have in their government.

Another thing not in the scope of your hearings, but the VA has added to their concerns, too, by making some changes, one of which is increasing the origination fee for a VA home loan from 1 percent to 2.5 percent. Those sound small by themselves, but they become significant after a while.

In summary, we hope the Congress understands that we really feel important that they address the principle of erosion of benefits as it can disrupt military competence and morale and can lead us to another decline in readiness, a weakening of national security that we think really can be avoided.

Thank you for the opportunity to be here today. I look forward to your questions.

[The prepared statement of Vice Admiral Kilcline follows:]

PREPARED STATEMENT OF VICE ADM. THOMAS J. KILCLINE

U.S. Navy, Retired

President, The Retired Officers Association (TROA)

Mr. Chairman and Members of the Committee:

I am Vice Admiral Thomas J. Kilcline, USN, Retired, President of The Retired Officers Association (TROA) which has its national headquarters at 201 North Washington Street, Alexandria, Virginia. Our association has a membership of more than 353,000 active duty, retired and reserve officers of the seven uniformed services. Included in our membership are 43,000 auxiliary members who are the survivors of former members.

I appreciate the opportunity to appear before you today to present our views on issues that could adversely affect the personnel readiness of the armed forces.

The services are rapidly approaching a critical retention crossroads, and the decisions made by this committee for FY 1988 will have a profound effect on which career path--military or civilian--our highly skilled officers and NCOs will take. The wrong decisions could very well trigger another hemorrhage of talent comparable to that which all services experienced in the late 1970s. As you may well remember, a series of pay caps, coupled with an omni-directional piecemeal assault on other entitlement programs prematurely drove thousands of expensively trained and highly experienced military careerists into the private sector. Warning signals on the horizon suggest that history could repeat itself and that current retention is fragile at best. For example, recent testimony by the service personnel chiefs indicates:

- Air Force pilot cumulative continuation rate has dropped from a high of 78 percent in FY 83 to 56 percent in FY 86 with further deterioration expected this year.
- In the Army, career soldier reenlistments are at their lowest levels in six years.
- The Navy is experiencing serious shortfalls in nuclear trained officers (470) and pilots (1,000).

Unlike the late 1970s, when the Services and Congress were forced to play catch up with the downward recruiting and retention spiral, we have an unique opportunity to benefit from lessons learned. Before discussing what we perceive to be potential threats to retention, I want to discuss briefly a significant recruiting advantage that did not exist in the late 1970s: the New GI Bill.

THE NEW GI BILL

Recently, I visited several military installations with representatives of other military associations and a Congressional delegation to see firsthand the reaction of our young recruits to this important educational incentive. Here are some of my observations.

- The new recruits, though not aware of specifics, know that military service will help them get an education.
- Most of our new recruits give the impression that they are seriously looking for a college education.
- The more serious recruit is aware of the New GI Bill.
- As explained to recruits, the New GI Bill is attractive. Most want it.
- The Services are all supportive. They sell it as hard as they can without risking a backlash.
- The Army and Air Force Reserves seem to be almost 100 percent involved in the program. There is no doubt that the New GI Bill is absolutely essential for continued high level enlistments in the reserve.
- There was no perception of opposition. Those not enrolled were not able to afford the $1,200, did not feel they wanted that much or kind of education or felt they were close enough to a degree to be able to complete it while in service by using the Tuition Assistance Program.
- There were many (about 10 percent) who were not able to afford the $100 a month reduction in pay who would seriously consider the program if payments were stretched out to $50 per month for 24 months.
- Many of those who had little previous knowledge of the New GI Bill (10-15 percent) were uncomfortable making the decision to commit $1,200 without more thought, study or advice.
- Many were concerned about the non-refundability of the $1,200 commitment.
- The recruits tended to show the personality of the Service in which they enlisted. The response of the 70 plus Marine Corps

recruits that none had joined because of the New GI Bill should not reflect against the program--they joined because they wanted to be Marines.

- The nuclear power recruits in the Navy were also different. Almost all have some college. All have six-year enlistments. Many are sure they can get their degree in that time--and they probably will.

- The Air Force recruits seemed much more oriented toward an education (rather than training) program. Their assignments are already known, and they will have the stability in assignments to afford them good opportunities for schooling.

- The Army has a fine program assisted by a very well funded recruiting program and clearly leads the way in enrollment.

Making the New GI Bill permanent, as is now being considered, should help obviate recruiting shortfalls as a serious problem in the near future. There are some actions that could be used to make an excellent program better. These are to:

- Maintain the $1,200 payment as a good-faith commitment but reduce the monthly contribution to $50 for a period of 24 months.

- Continue to brief new recruits on the New GI Bill during the first few days of basic training but allow them to delay a decision until near the end of basic training.

THE RETENTION EQUATION

Retention can be buoyed significantly if members receive a strong and immediate signal from Congress that it intends to honor commitments, will reject the piecemeal assault on benefits now underway and will not permit the pay comparability gap to increase further.

MILITARY PAY COMPARABILITY GAP

Many of the factors that enter into the retention equation are beyond the capability of this Committee to control. But, one of the principal factors, military pay, is well within its purview. When placed in the perspective of 1978-79, the current comparability picture is rather dismal. To illustrate, at the height of the services' retention disaster in 1979, the military vs. private sector pay comparability gap measured 7.8 percent (i.e. it was estimated that military pay raises had fallen 7.8 percent behind private sector pay increases since comparability was established as a precursor to the all volunteer force in 1972). It took consecutive, double-digit pay raises, 11.7 percent on Oct. 1, 1980 and 14.3 percent on Oct. 1, 1981, to restore comparability and turn retention upward.

As indicated in enclosure 1, after five consecutive years of pay caps, the comparability gap today is 12.6 percent, using the same private sector pay standard as was used in 1981. The standard then was the Bureau of Labor Statistics [BLS] Survey of Professional Administrative, Technical and Clerical [PATC] workers. If we were to use to Employment Cost Index [ECI], a broader based BLS survey of non-federal sector wages, as a gauge, the gap is still an alarming 9.4 percent. The point to be underscored is that regardless of the standard used to measure pay trends, the situation is worse today than in 1979.

We recognize the intense pressures to hold the line in defense spending. However, the experience of the 1970s provides compelling reasons why military pay levels must not be allowed to deteriorate further. Therefore, to keep the gap from widening, we recommend that all military members be provided a minimum pay increase of 4 percent in FY 88.

USER FEES FOR OUTPATIENT MEDICAL CARE

One of the most insidious of the piecemeal attacks on military entitlement programs is the Office of Management and Budget (OMB)-directed proposal to test the use of outpatient fees for health care in military treatment facilities. Our members are outraged that the OMB spokesman could so callously refer to this initiative as necessary to curb what he termed "frivolous" use of medical facilities.

There are numerous factors that militate against imposing a user tax on outpatient medical care, not the least of which is the damaging impact such fees could have on morale and readiness. Under the current environment, the sailor deployed at sea, whom I can discuss from first-hand experience, would be severely impacted. That sailor now feels secure in knowing that quality health care is available for his wife and children at no cost. The no cost part is extremely important. In most cases, the financial pinch of living apart from his family leaves no margin for medical expenses. Imagine what would happen to his morale if his wife, short of money, decided to forego a visit to the base medical clinic and then serious complications set in. The negative reaction would reverberate throughout the fleet.

Other similarities can be drawn for soldiers, airmen and Marines who are on remote or isolated duty. Their wives don't race to the hospital at all hours of the day or night for "frivolous" reasons. They go because they have a problem that requires medical attention.

Another imperative for rejecting the proposed user tax is that to impose charges for outpatient medical care would constitute a breach of faith. Dating back to the beginning of my service career four decades ago, one of the important factors in career decisions was the promise of free medical care in military facilities both on active duty and later in retirement. These verbal commitments were often included in the Services retention literature to facilitate retention counseling. Two examples help illustrate:

- Air Force Pamphlet (AFP-39-7), Airmen Career Information, 19 November 1982, page 78, in discussing dependents' medical care states, "Outpatient Benefits: No Charge."
- Army Married Couples' Decision Guide, June 1985: "In the Army, both soldier and dependents receive outpatient care at military hospitals and clinics at no cost to the soldier."

We can't maintain a strong military if we continually break promises we made to them. In the simplest terms, we impose extraordinary demands upon them, which they accept selflessly. To reciprocate, leadership must honor the benefits military people have earned.

We are receiving signals that the OMB proposal is not being well received on Capitol Hill. We are greatly encouraged by the feedback and recommend that you include language in the authorization bill (or some other must-pass legislation) to preclude OMB from exercising its will despite Congressional opposition to a test.

CHAMPUS REFORM INITIATIVE

Another related health care item that poses a latent threat to retention is the uncertainty surrounding the CHAMPUS Reform Initiative. Medical care is one of the servicemembers most highly valued benefits. If quality assurance is diminished because the contractor, instead of OSD, controls the health care finder (HCF) function, adverse side effects are sure to result. Rather than rely so heavily on the contractor, we believe OSD should maintain independent control of the health care finder function.

Inherent in this issue and an extremely important concern to TROA is how the over age 64 beneficiary population will be handled, since 58 percent of our members are 65 or older. If the HCF will control access and do case management as part of the CRI contract, how will the over 64, non-CHAMPUS-eligible beneficiaries gain access to Military Treatment Facilities (MTF)? It would be unconscionable to ignore their equally compelling need for access to MTFs by condemning them to the current access procedures plagued by busy telephones and a paucity of available providers while the under 65 population has its appointments managed by a rejuvenated HCF network.

This omission is undoubtedly a planning oversight that needs correcting, and we have presented our concerns to OSD. However, if no remedy is forthcoming and the real intent is to reduce the access of older retirees to MTFs, medical readiness could suffer. Needless to say, older retirees present the broad spectrum of medical problems that build the younger physician's experience base and present medical challenges. The enhanced training opportunities associated with an aging population intuitively equates to improved retention. Conversely, what young doctor worth his salt would pursue a medical career if his only challenges were treating young, healthy soldiers?

COMMISSARY PRIVATIZATION

At the Office of Management and Budget's (OMB) insistence, the FY 88 budget calls for a test to determine if commissaries can be operated more efficiently and less expensively by private sector grocery chains.

We believe a test of privatization would be a serious mistake. It would heighten members' concerns that commissary benefits were being threatened with corresponding damage to retention.

Commissaries represent a highly cost-effective investment for the government. Studies show that actual savings to members exceed government costs by almost 2 to 1. Not too long ago, an independent study revealed that the perceived value is even greater and exceeds the costs by a 3 to 1 margin. If either the real or perceived value were diminished because of privatization, retention would suffer. As with the outpatient test, we recommend you oppose this proposal.

VA HOME LOANS

Although outside your scope of oversight responsibility, another key program, the VA Home Loan, is also under the gun. The budget proposes to increase the VA Home Loan origination fee from one percent to 2.5 percent effective June 1, 1987. This would amount to an increase of between $600 and $1,500 ($900 for a $60,000 home) in the fee paid by a typical veteran home buyer. Such an increase could put home ownership out of reach as a housing alternative for many of our enlisted members and officers, who because of government directed permanent change of station orders have little choice as to when they enter the housing market. Similar proposals have been rejected by the Congress in recent years, and we urge you to oppose any increase in VA home loan origination fees.

COST-OF-LIVING ADJUSTMENTS (COLAs)

Finally, we strongly oppose the FY 88 Budget proposal to establish the Consumer Price Index minus one percentage point (CPI-1) as a permanent formula for federal civilian cost-of-living adjustments (COLAs). There are several adverse implications associated with that proposal, which we want to underscore.

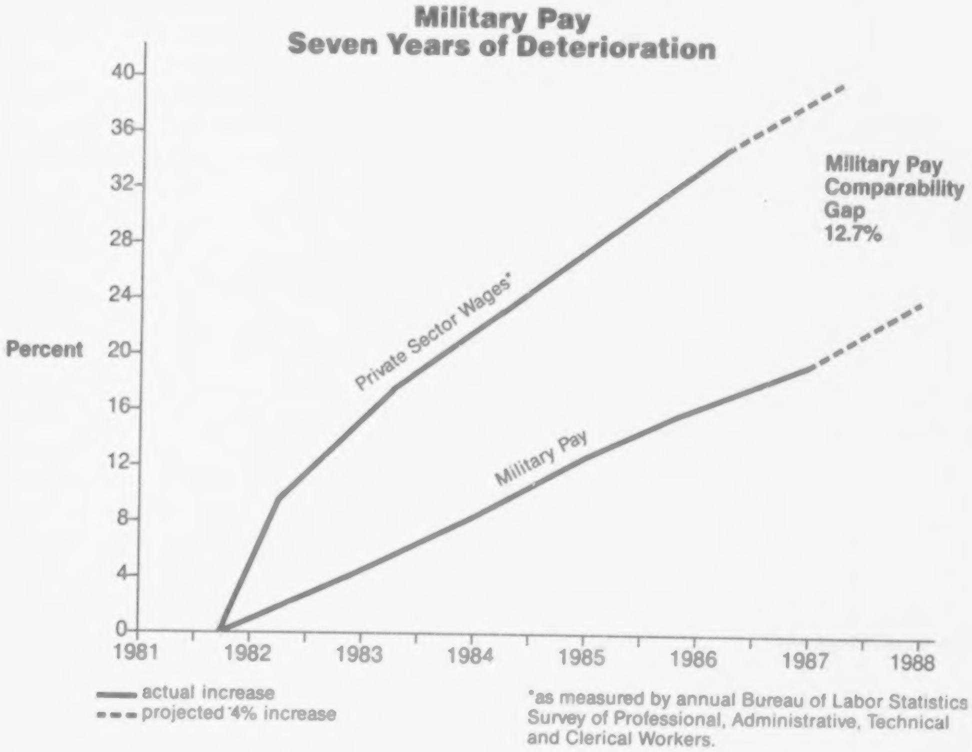
It ignores the explicit commitment made to federal employees who were hired before 1984 and grandfathered against the adverse effects of the Federal Employee Retirement System. Enactment of the OMB proposal would be demoralizing to the "grandfathered" federal civilians and would also have undesirable side effects for active duty and retired military personnel. Breaking faith with federal civilians would raise serious doubts among active duty military about the protection they ostensibly enjoy against the multiplier and COLA changes included in the reform of the military retirement system last year. Their uncertainty about leadership's willingness to deliver on its promises will adversely impact on career decisions.

Proposing CPI-1 for federal civilians, while all other federal COLA recipients (i.e. military retirees, veterans, Social Security beneficiaries) receive full inflation protection would undermine the COLA fairness principle embodied in recent changes to the Gramm-Rudman-Hollings (GRH) law. According to the Conference Report on H.R. 5300, the changes--incorporated in the Omnibus Budget Reconciliation Act of 1986 (P.L. 99-509)--exempted military and federal civilian retirees from the GRH sequestration process and were designed to "guarantee them the same treatment that recipients of Social Security benefits enjoy." Further, given the historical relationship between federal civilian and military COLAs, it would be naive to believe that Congress would consider federal civilians for COLA caps without also considering military retirees.

One of the most compelling arguments against reduced COLAs is that capping or freezing COLAs breaks faith with the widows whose spouses opted to enroll in the Uniformed Services Survivor Benefit Plan (SBP) on the advice that it included full cost-of-living protection. Its full COLA feature is what made the SBP clearly superior to life insurance and other alternatives and thus was the principal factor in the retiree's SBP decision. Given that the same advice was given to federal civilian retirees, we are convinced that their widows are no less deserving of full inflation protection.

SUMMARY

In summary, we recognize that most of our concerns about retention and personnel readiness stem from threats to important entitlements programs that in all likelihood will be rejected by Congress. Nevertheless, a principle that emerged in the late 1970s is equally apropos today: Erosion of benefits, whether real or perceived, like discrimination, is a problem that must be addressed. We believe that this committee has a tremendous opportunity to prevent a recurrence of 1979 by rejecting these ill-conceived budget proposals in the most forceful terms.



*as measured by annual Bureau of Labor Statistics Survey of Professional, Administrative, Technical and Clerical Workers.

Senator GLENN. Thank you, Admiral, very much.
General Hultman.

STATEMENT OF MAJ. GEN. EVAN L. HULTMAN, U.S. ARMY (RETIRED), EXECUTIVE DIRECTOR, RESERVE OFFICERS ASSOCIATION OF THE UNITED STATES

General HULTMAN. Senator Glenn, this is my first opportunity to appear before you and your committee. I would like to make a personal observation or two because it might put my brief remarks in a better context.

I had the privilege of serving 3½ years in World War II, beginning as a private, and through the ranks to a battalion commander, and have, as an avocation ever since, for 44 years, been involved in the Reserve structure. So I have seen it, literally, from the bottom up, and from the beginning, at least since World War II, to the present moment.

My vocation is that of practicing lawyer, and I just left 35 years of that to take this assignment, to go to my avocation full time.

So I want you to know this at the outset because it might put what I am about to say in a context that at least I would like it to be.

I would like just to deal with two basic issues that you have raised in your earlier discussions, and ask, of course, like the other members of the panel here, that my remarks in their written form be accepted for the record.

Senator GLENN. They will be included in the record in their entirety, and that applies to all of the statements here today.

General HULTMAN. Thank you.

The first item has to do with a perspective. In the times of budget constraints that we are in, which I know concern you and your colleagues tremendously, there is not any question but what the Reserve forces and the Reserve structure have been very meaningful and very helpful. In that concern, you made an observation or a question to the enlisted panel as to where are we, have we gone as far as we can go. Can we do any more as far as the Reserves, or can't we?

I would like to respond to this concern in two ways. First, that when we are talking about cuts or when we are talking about the appropriation in this day we must understand the effect of any across-the-board cuts on the Reserve component, under the normal concept you would say well, if you cut the Reserve the same amount of budget percentage, then we are taking a fair share. But, in reality, in this day and age, that is not true. We are, in effect, taking a double cut. I want to make sure that concept, from the very beginning, is espoused here because the reason for it is very simple. As the Reserve is given additional and expansion of missions and is being brought up to speed to meet those missions, which we have at the present moment, we just cannot be put into the same category. There is no way because we cannot get from there to here, as the old saying goes, if that kind of logic is applied.

So I want to start with that premise at this very moment.

Senator GLENN. Let me just add, if I might in there, that what I was quoting was former Chief of Staff of the Army, "Shy" Meyer, who expressed this same thing, whether we had gone about as far as we can go or maybe even further with assigning missions to the Reserves.

The reason it has come up in the context of these hearings is we have been much into Reserve readiness, or in some cases lack thereof, and particularly with regard to medical support, combat service support units, combat service, and so on.

There have been a few things there that would approach being war stoppers, as we call them these days. I do not think that exaggerates it too much.

General HULTMAN. No.

Senator GLENN. That is the context in which I made the remark that I did.

I am all for the Reserve operation. I have backed it fully. I understand the importance of it to us. We have good people in the Reserve. It is not to denigrate them at all. It is just to try to ferret out some of these things so that since 50 percent of our combat capability is wrapped up in Reserves these days, the combat readiness has to be the bottom line or none of the organization is worthwhile at all. That was the context of it.

General HULTMAN. Yes, and I understood that. I was addressing a part of that concept.

In order to meet those missions that we now have and not proceed further, but to meet those missions and those responsibilities which we have at the present moment, as well as those which, as we see right now, are at least on the drawing board we must have that source of assets in order to meet the present need, without expanding, before going to new missions or additional missions.

I am trying to answer "Shy" Meyer's observation to you I think, as an immediate commander over the last 10 years, there are major Reserve units in the Reserve with that very problem. In order to meet our responsibilities, we cannot, as I say, receive the same treatment across-the-board in an across the board cut, or there is no way that we can fulfill those.

We must have that additional training base. We must have that additional equipment in order to train on. We must have those things that are necessary, including full-time support, in order to provide the capabilities which are there and the capabilities are there.

I wanted to separate out that concept because I think it is a very critical one and a very important one that you raise and that "Shy" Meyer raises.

With that in mind, let me make two very quick observations.

One of the things, speaking purely now from the Reserve side, without any question—and I have not met a commander or a command sergeant major who has not said this to me—the GI bill and the extension of it on the Reserve forces side of the house has been critical to us in terms of securing more and better personnel especially those with a higher education. A young man or a young woman is not going to pay half the bill or put bucks into a system unless he has faith in it and believes in it. Those are people usually who are interested in bettering themselves in an educational sense.

I am not just talking about college in that sense of the word. Those are the kind of people we need in the Armed Forces, the Active and the Reserve.

On the retention side, we have found without any question—again, it is the same reports that I have gotten—that it has helped tremendously in the retaining of those same young men and women. The statistics clearly indicate that and clearly show that. So I wanted to make that observation to you.

Senator GLENN. In Reserve or Regulars?

General HULTMAN. I was referring to the Reserves now. I am not the expert on the Active side and I do not mean to imply that at all.

Senator GLENN. Okay. I can see how it would help retention in the Reserves, because they get in, do their hitch, get their educational benefits, and get out. They would still be available to the Reserves. Since that is 50 percent of our force, maybe that is quite adequate as a reason for retaining it.

General HULTMAN. I just wanted you to know that one observation specifically from the Reserve side.

[The prepared statement of General Hultman follows:]

Statement of
Major General Evan L. Hultman, AUS (Ret.)
Executive Director
Reserve Officers Association of the United States

Mr. Chairman and Members of the Committee:

Thank you for providing this opportunity for me to represent the many men and women from all of the uniform services who are members of the Reserve Officers Association.

In the past years, ROA has recommended Congressional action to provide for the personnel required by to the Reserve Component as an economical way to maintain the readiness of the armed forces in a dangerous world. That philosophy is just as valid today, and its wisdom has become more apparent.

It is well known that Reserve forces are the most economical source of units when they are properly equipped and trained. At a time when the defense budget is under heavy attack, reliance on reserves is especially appropriate, and that includes providing them with suitable equipment.

We wish to thank the Congress for the significant gains made providing personnel programs and in modernizing the equipment of the Reserve forces during the past five years. To a large extent, this has been the result of Congressional initiatives, not Pentagon budget requests. We are concerned that in the face of severe budget constraints, the Reserve forces will be expected to accept an across the board "share" of cuts, while at the same time assume more missions. It is our contention that the Reserve forces should receive more funds when the active force is cut, not less. Traditionally, force structure is transferred to the less expensive Reserve Component to preserve it for future contingencies. The saving is made by placing it in the Reserve. However, mission transfers are not always accompanied by essential manpower required to effectively manage force growth, the equipment necessary to assume maintenance of combat capability, nor the funding to train the force to required readiness levels. If, having served as the vehicle for attaining a cheaper force structure, subsequent budget and manpower cuts are applied equally to the Reserve and the active forces, combat capability and readiness must suffer. We urge the Congress to recognize the inherant savings in the Reserve force strcuture and to assume that essential manpower, equipment and operating funds be appropriated to preserve the required combat readiness of the Total Force.

ARMY RESERVE

The critical elements in improving readiness of the Army Reserve are personnel, training, equipment, and mobilization capability. With the strong support of Congress, the Army Reserve is more ready and better trained than it has ever been. Critical programs like the AGR, dedicated procurement, overseas training to include Central America, and Selected Reserve Bonus, educational assistance incentives, including the GI Bill have made the best Army Reserve our Nation has ever had.

The Army Reserve request for FY 88 will provide a Paid Drill Strength of over 300 thousand, about 11 thousand short of it's wartime requirements as it is currently structured. As the Army Reserve accepts new missions the resources to support the force structure must be considered. The request increases Reservists on Active Duty in the AGR program by 1,843 personnel to approximately 14.3 thousand. This is the lowest percentage of full-time support of any of the Services and is far short of the ten percent of the Paid Drill Strength. Increases in the AGR program are essential if the Army Reserve is to establish new units and train to the mobilization readiness required to be an essential element of the Total Army. The AGR soldiers provide Reserve expertise, military training and assignment flexibility. AGR personnel support Army Reserve units throughout CONUS and overseas and know the realities and competing demands of the Reserve soldier. Those AGR serving overseas play a critical role in the successful overseas deployment training and assuring the Active

Command know the capabilities of the Reserve units and utilize them to the maximum extent possible.

The civilian military technician request is only 400 but is an important increase to provide continuity and ties with the local civilian community. This essential element of the Full-Time support team enables Drilling reservists to concentrate their limited training time on preparing for their mobilization mission.

The Paid Drill Strength increase is significant and the ability to meet this requirement depends on maintaining the variety of incentives such as bonuses in the Selected Reserve Incentive program and educational assistance incentives, including the GI Bill. An incentive program pays a variable bonus to persons enlisting in the Army Reserve in specific critical skills or high priority units. Experience has demonstrated that soldiers who enlist for an incentive remain in the Army Reserve longer than those who do not. The education assistance program not only helps build a stronger, more ready military force, it helps build a stronger, more productive America. Every dollar spent on education assistance will be returned many-fold.

The bonus and educational assistance programs should be viewed as complementary incentives. They are aimed at different groups of people whom we must attract, and thus, have different objectives. Neither one is a substitute for the other - both are needed. If the Army Reserve is to meet the Selected Reserve enlistment goal for FY88 of 79 thousand, the continuation and expansion of the Selected Reserve Incentive program including educational assistance is essential.

Training the Army Reserve, individuals and units, is the basic element of mobilization readiness. The quality of this training has increased significantly in the last few years. As the Active commands understand, accept, and prepare for the Reserve units the total Army gains. In FY 1987, nearly 25 thousand Army Reservists will train overseas. This gives the Reservists a sense of contributing to our National security. This training is not only in Europe, but Egypt and other Mideastern countries, Korea, and Central America. The Army Reserve will train nearly 5,500 Army Reservists in exercise Blazing Trails in Honduras this year and 2,200 in exercise Team Spirit in Korea. This kind of training experience is cited by Reservists as the primary factor in their decision to stay with the program. AGR personnel play a critical role in these exercises that prove the ability of the Reserve and Active Components can be integrated into a Total Force and perform successfully.

Progress has been made in obtaining substantial quantities of more modern equipment for the Army Reserve through the Dedicated Procurement Program. Equipment procurement has been primarily aimed at enhancing readiness of early deploying units. Beginning in FY 1987, equipment will also be identified to ensure that Army Reserve training divisions too have sufficient equipment to train the trainers. The Army Reserve has identified $104 million for nomenclature in FY 88. As a result of increased issues of critical equipment, Army Reserve units have experienced improvements in their readiness posture. It should also be noted that due to the current unit readiness rating system's handling of the effect of such factors as mission changes, reorganizations, and the need for qualification training associated with new equipment, many improvements in actual warfighting ability wrought by this new equipment go unreported. The improvements are there; however, the current system is not designed to recognize them.

Improvements in the Army Reserve in the area of personnel, training, equipment, and mobilization capability must continue, and will, with the strong support of Congress. The outstanding Army Reserve of today is an essential element of the Total Army and vital to our National Security.

Air Force Reserve

The Air Force Reserve (AFR) continues to set the standards for combat readiness and effectiveness of Reserve forces. Its excellence has been recognized by the Air Force, the Congress, and even our allies. Many new missions and aircraft have been assigned to this cost effective and combat ready component.

The Air Force has reported to the Congress that even more reliance will be placed upon the AFR with the transfer of additional assets such as the C-141, C-5, and F-16 aircraft. A new Special Operations Squadron will activate at Davis-Monthan AFB, Arizona this year with an addtional mission of drug interdiction. However, flying units are only part of the program. There will be significant growth in the support unit area including Aerial Port, Medical, and Civil Engineering units. Sixty percent of the Aircraft Battle Damage Repair capability and 47 percent of the Aerial Port Squadrons are in the AFR. We ask that you support these new missions and aircraft conversions by approving the necessary resources of personnel, equipment and operating funds associated with them.

One of the reasons for the remarkable success of the Air Force Reserve, is the modern equipment received in recent years that allows its units to perform on an equal basis with the active force. We thank the Congress for providing the funds for F-16 and C-130H aircraft for the Reserve. The true value of modern equipment is, of course, reflected in increased combat capability for all AFR units that are updated.

It is imperative that modernization of the Air Force Reserve aircraft continue. We urge the Congress to provide eight C-130H aircraft to replace thirty year old "A" models in FY 1988 and eight more in FY 1989. In the face of severe budget constraints, it makes economic, as well as operational sense, to assure a viable, combat capable Reserve force. As more reliance is placed upon the Air Force

Reserve to provide a cost efficient alternative in the Defense budget, we must assure that its units are equipped and trained to fulfill the wartime mission when called upon. In the case of the tactical airlift mission, nearly two-thirds of the total force comes from the Air Reserve Forces (Air Force Reserve and Air National Guard). Clearly it would be disastrous to allow the Air Reserve Force C-130 units to become obsolescent.

A second factor in the high level of readiness and combat capability in the Air Force Reserve is the Military Technician program. We are convinced that for the Air Force Reserve and its particular situation, the Military Technician is the key to success. These dual status individuals provide day-to-day management and continuity to their units while performing as full-time AFR employees. As military members of their units, they train other Reservists during active duty and inactive duty training periods. The high skill level and stability of these employees are critical in sustaining the AFR's outstanding operational readiness.

However, we are concerned that in the past ten years, full-time support personnel compared to unit end-strength has decreased from approximately 25 percent to 20 percent. The potential for unfavorable impact on the management as well as the training of the Air Force Reserve cannot be ignored. In the case of AFR management headquarters, the number of full time management personnel decreases from 644 to 610 between FY 1980 and FY 1991, while unit end strength increased from 49,800 to 72,269. Clearly, the requested numbers of full time management personnel are necessary for the continued effective management and combat capability of the Air Force Reserve. We ask that you support the request and eliminate any further cuts.

A third ingredient of the AFR's success is the high level of annual and inactive duty training participation. Whether as a unit member or Individual Mobilization Augmentee (IMA), the dedicated Air Force Reservist makes many sacrifices to serve our country. The family and employer also make many sacrifices to support the Reservist when he receives short-notice orders, extended duty and countless other hardships and inconveniences. We thank the Congress for the many initiatives accomplished in previous years to provide the necessary support to the individual Reservist and to the mission.

Again we urge that we not be pennywise and pound foolish in the face of this year's fiscal constraints. Modern equipment, meaningful missions, and realistic training are the foundation of the AFR's combat readiness. The Operations and Maintenance Appropriation provides the day-to-day operating money to carry out the Reserve mission. Across-the-board cuts in these accounts, without regard to mission tradeoffs made to the AFR, will not serve the Total Force nor our common defense well. The continued expansion of the AFR in combat and mission support, as well as flying units, makes it imperative that the AFR not be apportioned a simplistic "share" of any cuts in Operations and Maintenance funds. The AFR, for example, provides 71 percent of the Air Force Aeromedical Evacuation Medical crew capability, 40 percent of the Strategic Airlift Maintenance force, and 100 percent of the Aerial Spraying Capability. The requested growth in manpower and operating funds is a direct result of continued AFR personnel and mission unit growth in fiscal years 1988 and 1989.

In summary, with your continued understanding and support, the Air Force Reserve will continue to provide a superb, cost effective, combat ready, fighting force. Excercises and real world contingencies have proved that all AFR units can mobilize in 24 hours and deploy within 72 hours. The AFR is ready, better and stronger than ever before; we ask that you provide the resources to keep it that way.

NAVAL RESERVE

As ROA has often stated during the last few years, the Navy is to be highly commended for significantly upgrading the Naval Reserve as a fighting force. Several years ago, the Navy's support for, and appreciation of, the Naval Reserve was, for all practical purposes, non-existent. However, tremendous strides have been made during the past few years. ROA strongly urges continued Congressional support for the Naval Reserve initiatives contained in the FY88 and FY89 budget requests, and for those additional initiatives contained herein.

SELECTED RESERVE PERSONNEL

The Administration proposal to attain 129,965 Selected Reserve (Category "A" & "Q") end strength in FY88, and 132,998 in FY89, is strongly supported by ROA. The FY88 request represents an increase of 6,145 over FY87 strength; the FY89 request, a 3,033 increase over FY88. Such increases are essential if the Naval Reserve is to fulfil its expanding roles, man new ships and aircraft, and provide additional personnel in mine countermeasures and medical support. These increases will put the Naval Reserve paid strength at almost 98 percent of wartime requirements. The current Navy plan calls for a Category "A" & "Q" Selected Reserve strength of 138,633 by the end of FY92, an increase of over 52,000 from the FY81 plan. A truly remarkable turnaround!

UNIT INCENTIVE PAY

Even with increased personnel strength in the Naval Reserve, the manning of high priority units, particularly the NRF ships, remains a problem. A significant contributing factor to this manning problem is the rigorous training and long hours spent by the Reserve crew when the NRF ship goes to sea for the entire weekend, leaving port Friday night in many cases. In addition to the eight hours of training which takes place during the working day, watches must be stood around the clock when the ship is at sea. Reservists assigned to NRF ships spend, on the average, 32 hours at sea on a drill weekend; their Reserve Center drilling counterparts spend 16 hours in less intensive-training. For this relatively arduous duty, the NRF Reserve crew member receives no incentive, except the "joy of going to sea."

Accordingly, ROA again strongly recommends a proposal, which was supported by OSD and the other services, but which was not adopted by the 99th Congress, to provide incentive pay of up to $10 per drill to those enlisted Reservists in designated "hard to man" units - which would amount to $40-$50 per drill weekend. Such an additional amount seems somewhat minimal in today's economy; however, a recent study conducted by the National Defense University indicated that a $10 per drill incentive would significantly improve drill attendance and increase NRF ship readiness. With the steadily increasing number of modern, front line ships entering the Naval Reserve, creating even greater reliance on the NRF, full manning of these ships is a most critical need. ROA understands that $2.5 million for FY88, and $3.2 for FY89, were identified in the Navy Legislative Contingency Fund to support this proposal. Nevertheless, OMB would not agree to such usage; nor was the Navy permitted to include this item in their budget submission to Congress.

MEDICAL SHORTFALLS

Reserve Medical program manning, particularly Hospital Corpsmen and Nurses, is a serious problem now -- but will worsen to disastrous proportions unless major innovations take place in medical recruiting and retention efforts. VADM Cecil Kempf, USN, the Chief of Naval Reserve, recently testified that by the mid-nineties, Naval Reserve medical requirements will have grown to 27,000. Current studies indicate a maximum possible attainment of 14,000 against this requirement. Quite obviously, serious thought must be given to innovative approaches which must be develped to solve this potentially disastrous situation.

Many people fail to appreciate the seriousness of peacetime medical personnel shortfalls. They believe that in any emergency situation, the military can simply "grab off the street" those doctors which are needed. First of all, such thinking addresses only doctors and not corpsmen and medics where the extraordinarily large shortfalls are, and will be.

Secondly, such thinking assumes the enactment of a doctor draft authority, or some such, which will then be available when needed. Given the current political climate, enactment of such legislation is extremely unlikely, short of a total mobilization situation. The future probably will see a number of limited military operations, such as Korea, Vietnam, Grenada, etc., all of which will be far short of total mobilization, but all of which will require medical support which we don't have and for which no draft authority will exist.

Thirdly, such thinking assumes that doctors can be moved from civilian practice to wartime military practice and can perform their medical specialties equally well in either environment. In the "old days" this was probably true. I have heard it said that surgery in a military field hospital was no different from surgery in a civilian hospital -- the only difference was "soft walls or hard walls" in the facility. Such thinking is irrelevant to today's modern day, high-tech surgery. Much of this high-tech life support equipment will not be available in military field hospitals to assist in the performance of so-called "meatball" surgery. Nevertheless, today's civilian practitioners have learned and practiced their skills utilizing such equipment. They would, for all practical purposes, be useless if thrust into an environment where this high-tech assistance was not available. To be effective in a battlefield environment, today's doctors must be trained how to practice without the benefit of all the support equipment available in today's hospitals. This obviously requires that such doctors learn these "old time" skills in the Guard and Reserve -- before the advent of hostilities.

ROA is extremely concerned that no one in authority appears to be willing to seriously address this problem!

FULL TIME SUPPORT PERSONNEL

The FY88 and FY89 submission also requests an increase of full time support (FTS) active duty (TAR, TEMAC & 265 Recall) personnel from the FY87 level of 21,476 to 22,505 and 23,665, respectively. These increases represent critical support for the rapidly growing Selected Reserve force; increased Reserve recruiting requirements; the growing frigate program (mandated by Congress to be manned by approximately 50 percent TAR - 50 percent SELRES); and aircraft squadron transitions to new, more sophisticated aircraft. ROA strongly recommends that these requested increases in full time support personnel be approved.

Recent events have created additional problems in the FTS area. The Surface Program to Upgrade Readiness (SPUR) was initially designed for implementation in an organization of six Naval Reserve Readiness Areas. The Chief of Naval Reserve has moved forward on the implementation of SPUR; however, the Secretary of the Navy, bowing to significant pressure from some members of Congress, refused to approve the decrease in the number of Naval Reserve Readiness Commands from the current sixteen to the planned level of six. The requirement to carry out SPUR in a sixteen Readiness Command organization leaves fewer personnel than planned available for transfer from headquarters staffs to the field. Therefore, the resulting shortfall in military full-time support end strength required (at Readiness Center) to operate in a sixteen Readiness Command organization is:

Officer	Enlisted	Total
72	424	496

Addition of these 496 FTS end strength requirements will require an additional $9.5M in Reserve Personnel, Navy (RPN) funds in Fiscal Year 1988.

ROA would prefer that Congress formally direct the Navy to carry out this essential surface training initiative with a six Readiness Area organization as originally planned. However, if Congress is unwilling to do this, approval of these additional FTS end strength numbers is critical. Otherwise, the Navy is caught in the middle between pressure from certain members of Congress that the current organization be maintained, while at the same time trying to implement greatly needed improvements in the surface training program which require additional FTS personnel at the local training level -- an obviously untenable situation!!

TAR SELECTIVE REENLISTMENT BONUS (SRB)

Along with this increase in full time support personnel, ROA also recommends enactment of a TAR Selective Reenlistment Bonus (SRB). The uniqueness of TARs, compared to other FTS personnel, must be recognized. They experience routine PCS moves, are on call seven days a week and in many ways, are indistinguishable from their Regular Navy counterparts. "Surface" TARs are at sea aboard NRF ships about 1/3 as much as are sailors aboard fleet ships. TARs operate from coast to coast, deploy briefly aboard carriers, and often deploy for short periods overseas.

If approved for FY88, the TAR SRB would be targeted at six seagoing technical ratings for NRF ships. While it will provide greater equity with USN shipmates serving on the same NRF ships, the amounts paid will still be less than that given USN personnel, since the NRF ships do not deploy. Such a bonus must be enacted if the enlisted TAR community is going to attract the critical ratings necessary for ship and aircraft squadron manning. ROA understands that enactment of a TAR SRB would require an additional $7.0 million in FY88 and $8.8 million in FY89. As with the unit incentive pay initiative, these amounts were identified in the Navy Legislative Contigency Fund, were included in the DOD legislative program, but were eliminated by OMB.

ROA understands that various incentives and bonuses, including the aforementioned Unit Incentive Pay and TAR SRB, are being evaluated by the Sixth Quadriennial Review on Military Compensation. Nevertheless, we believe that these two incentives are sufficiently essential, as well as logical, to deserve enactment without waiting for the report of the Sixth Quadriennial Review. In this same vein, we believe that making permanent the "new GI Bill," with its Reserve incentives, is also deserving of immediate enactment. VADM Kempf recently identified the GI Bill as the number one retention incentive currently available to the Naval Reserve.

MARINE CORPS RESERVE

The Marine Corps Reserve is a major factor in the Total Marine Force, contributing one-fourth of the structure and one-third of the trained manpower. As has been the case for the last few years, the Marine Corps Reserve manpower requirements appear to be well provided for in the FY88/FY89 budget request.

SELECTED RESERVE PERSONNEL

ROA compliments the Marine Corps on their continuing recognition of the Reserve contribution and on their consistent support of the Reserve component. The Marine Corps Reserve Budget has reflected real growth every year since FY78. This support has enabled the Marine Corps Reserve to meet and usually exceed OSD Program Guidance. Accordingly, ROA strongly urges approval of the Marine Corps request for an FY88 Marine Corps Selected Reserve end strength of 43,700 and 44,500 for FY89 -- up from an FY87 SELRES strength of 42,800.

FULL TIME SUPPORT PERSONNEL

ROA also strongly supports the newly established Marine Corps Reserve Full-Time Support Program. Prior to 1984, such support was provided entirely by regular active duty Marines. However, as is the case with all other Reserve Components, the Marine Corps recognized the value of utilizing a number of Reserve personnel to assist in organizing, administering, instructing and training the Reserve. These personnel complement the over 5,000 Active Component Marines currently providing full-time manning support to the Selected Marine Corps Reserve. The program started with 803 personnel in 1984, includes a requested increase of 900 in FY88, 800 in FY89, and is programmed to grow to over 2,400 by 1990. We urge Congressional support of this effort.

COAST GUARD

I would like also to mention the concern of ROA about the Coast Guard and Coast Guard Reserve. The Coast Guard plays a significant role as one of the five Armed Forces. Certainly, the military readiness of the Coast Guard should be an item of concern to the Armed Services Committees of the Congress. Of course, Coast Guard Reserve strength is specifically authorized by the Armed Services Committees and, obviously, is an item of concern to the Personnel Subcommittees.

The Coast Guard's capability to carry out wartime taskings is a matter of well known serious concern. These shortcomings have been set forth time and again in magazine and newspaper articles, in GAO reports, and in Congressional oversight reports. The most recent report of the Reserve Forces Policy Board noted several areas of major concern and pointed out the extremely critical nature of the port security mission and the need for that mission to be ready in the very first stages of mobilization.

SELECTED RESERVE PERSONNEL

We are pleased that the Administration has recommended a 750 increase in Coast Guard Selected Reserve strength - from 12,750 to 13,500. However, this requested increase hardly responds to an established mobilization requirement of 27,400. A Selected Reserve which constitutes only 47 percent of mobilization requirements is a long way from matching the Selected Reserve strength of the Department of Defense Reserve components, all of which currently stand at about 95%.

It should also be noted that FY87 Selected Coast Guard Reserve strength authorization was set at 14,400 by the Anti-Drug Act. While no specific supplemental funding was approved to support these numbers, DOT/OMB sought no way to accomodate the strength directed by the Congress. As usual, DOT/OMB ignored this direction in FY87 execution, and again in the FY88 budget submission.

Appearing recently before the House Armed Services Personnel Subcommittee, ADM Paul Yost, USCG, Commandant of the Coast Guard, stated that the Coast Guard Reserve should be at a minimum strength of 24,500 (about 90% of requirement) in at least ten years; that extending the growth period longer than ten years is totally unacceptable -- particularly in view of the Coast Guard Reserve's ever-increasing role in the Maritime Defense Zone (MDZ) mission. He also noted that an annual increase of 1,100 (not 750) would be necessary to accomplish this goal.

The Reserve Forces Policy Board stated that additional personnel will be required in the Coast Guard Reserve to sustain mission capability as the tempo of wartime activities builds beyond the first few weeks of a conflict.

ROA would call attention to HR 1640, introduced 17 March. This bill would increase the authorized personnel strength of the Coast Guard Selected Reserve to 14,000 in FY88 and 15,300 in FY89. Further, it requires SECDOT to submit to Congress a plan for the Coast Guard to meet 95% of its wartime requirements, including SelRes personnel, equipment and training resources, by 30 September 1998. ROA strongly urges support for this initiative, either as a separate bill, or preferably incorporated into the FY88/89 DOD Authorization Bill.

We understand that the additional Coast Guard SelRes personnel included in HR 1640 will require an additional $2.5 million in FY88 Reserve Training funding.

FULL TIME SUPPORT PERSONNEL

ROA would like to direct the subcommittee's attention to a totally unsatisfactory situation regarding Coast Guard Reserve FTS personnel. Currently, the ratio of FTS personnel to SelRes personnel in the Coast Guard is 1:19, by far the most disadvantageous ratio of any of the Reserve Components. While we have seen some slow growth in Coast Guard SelRes strength over the past few years -- 11,700 to the FY87 funded level of 12,750 -- the number of FTS personnel has actually decreased due to arbitrary active strength reductions imposed by DOT. This trend is continued in the FY88 submission which requests an increase in SelRes strength to 13,500, but requests no increase in FTS personnel, thereby exacerbating an already unsatisfactory situation.

Accordingly, ROA recommends an increase of 30 Coast Guard FTS personnel in FY88, at an additional cost of $1 million.

ROA solicits your support in the maintenance of a Coast Guard which is fully manned, trained and equipped to meet both its peacetime and wartime missions. It is imperative that the Coast Guard and Coast Guard Reserve be fully prepared to meet their statutory military duties as prescribed in 14 U.S.C. 1, which provides for the Coast Guard to be "...a military service and branch of the Armed Forces of the United States at all times."

Further, ROA asks that the members of this subcommittee ensure that the Commandant of the Coast Guard, or his representative, testifies annually before the Armed Services Committees and appropriate subcommittees concerning the capability and readiness of the Coast Guard to carry out fully its national security role. ROA has come to the conclusion that increased involvement by the Defense Department, and by the Armed Services Committees, is absolutely essential to ensure the required military readiness of the Coast Guard. We are convinced that DOT, OMB and the Transportation

Appropriations subcommittees provide little support for the Coast Guard Reserve or for the Coast Guard's wartime missions.

GENERAL PERSONNEL ISSUES

RESERVE MEDICAL COVERAGE

ROA appreciates the giant strides that the Congress has taken over the past three years to equalize the benefits for Reservists and their survivors in the event a Reservist becomes ill, is injured, or killed while traveling to or from training or while participating in weekend drills or on tours of less then 30 days. The increased reliance that is being placed upon the Reserve Components, to include their insertion in hostile environments, made it essential that this element of the force be provided equal medical, disability and survivor benefits, and we thank the Congress for the improvements that have been made in this area over the past 4 years.

HEALTH CARE PERSONNEL

With the increased reliance that DoD is placing upon the Reserve Components to provide health care in a wartime situation, it is essential that further steps be taken to attract trained and qualified medical personnel into the Reserve. Although a Reserve medically oriented educational loan repayment program and a Reserve medical specialized training assistance program are in the process of being implemented by the services, ROA believes that a health care professional special pay program for Reserve personnel should be considered if any real progress is going to be made in reducing existing shortages. When the 96th Congress enacted legislation to provide special pay for Active duty health care professionals, the Reserve Components were not included. ROA believes that a special pay incentive program would have the same beneficial effect on recruiting and retention for the Reserve Components that PL 96-284 had for the Active duty force. Legislation to address the shortages that currently exist in the

Reserve component health care professional area should be delayed no longer if increased reliance is going to be placed upon the Reserve Components to make up the shortfall in wartime medical care.

USER FEES FOR OUTPATIENT SERVICES

ROA is very concerned about the proposal in the administration's FY88 Budget to conduct a test of a user fee or "user tax" for outpatient care at military medical facilities for non-active duty members. Although the details of this test have not been finalized, we are concerned over the impact that such a "tax" will have on the morale of service families. Put yourself in the place of a lower grade enlisted man who is deployed at sea or is off on manuevers, knowing that your wife might have to make a decision between food on the table or medical care for a sick child. A user tax, as proposed by the budget, can only result in reduced morale and thus reduced military readiness. If such a tax is permitted to be tested, the service's pledge to provide adequate clothing, housing, and medical care for Active duty members and their families will have been broken. We encourage this Committee to take whatever action is necessary to prevent a user's tax from being imposed on dependents, retirees and their dependents, who use military health care facilities.

CHAMPUS REFORM INITIATIVE

We note that DoD has issued a Request for Proposals (RFP) to start the phased implementation of the Champus Reform Initiative. While we applaud the objective of providing better care at lower cost to both the Government and the beneficiary, we urge the Congress to thoroughly evaluate the results of the first phase before permitting the Department of Defense to move into Phase II and III. Any sense of urgency to rapidly implement such a drastically reorganized health care system should be balanced against the promises made to our military personnel, their dependents, and other authorized users. The Champus Reform

Initiative must not be allowed to become the "umbrella of excuse" under which military treatment facility resources are reduced even further, resulting in the denial of care in these facilities to dependents, retirees and their dependents.

GI BILL

We are pleased to note that legislation has been introduced in both the House and the Senate to make permanent the New GI Bill. The Reserve Officers Association believes the New GI Bill is good not only for the services and the individual service member, but is also good for our country. If we are to remain vital and competitive in today's world, an educated population is essential. This is recognized by the large amount of dollars that go for non-military service related educational loans and grants. For example, the Department of Education spent over $3.8 billion in Pell Grants just in FY85, and that was for a GI Bill without the "GI". ROA believes that if an individual wants to serve his country either in the Active or the Reserve Components, it is highly appropriate for that service to be recognized through an educational assistance program. We urge the Congress to take action on the legislation which has been introduced that will change the status of the current GI Bill from a test program to that of an ongoing military service based educational assistance program.

COMMISSARY PRIVILEGES

The FY87 DoD Authorization Bill authorized members of the Selected Reserve to spread-out the commissary use entitlement that they earned through the performance of Active duty for training. This permits Reservists to use the commissary on days of their own choosing for a maximum of 14 during the year. All the indications we have received from the field are that this is a very positive recruiting and retention tool, and we congratulate this Committee for making the Reserve commissary privilege a reality.

In addition, ROA believes that exchange and commissary privileges should not be lost to those who are transferred to the retired Reserve after completing 20 or more years of qualifying service. Reserves in this category are in a limbo status until they reach age 60 and become entitled to pay and the other benefits associated with military retirement. We believe that it would be a low-cost benefit to extend post exchange and commissary privileges to these pre-age 60 Reserve retirees and, in addition, would serve as a valuable retention tool for the Reserve Components.

MILITARY RETIREMENT

The administration's budget submitted last January proposes granting Civil Service retirees Cost of Living Adjustments consisting of the Consumer Price Index minus 1%. We are concerned that if this penalty were imposed upon current civil service retirees, that it would also be applied to current military retirees and thus further erode the constant purchasing power that has been traditionally associated with military retired pay. In addition, it should be noted that, in a significant departure from past practices, both the new military retirement system and the new civil service retirement system use the CPI minus 1 formula for new entrants. Thus, those who come in under the new systems are aware from the start that their retired pay purchasing power will erode and will have ample time over the coming years to gear their investment strategy accordingly; however, those who are already retired have no such opportunity.

RESERVE COMPONENT SURVIVOR BENEFIT PLAN

ROA is concerned over the impact the new Two Tier Survivor Benefit Plan will have on Reserve Component participation. Under the old system a Reservist who paid maximum Social Security taxes each year in his civilian employment, and thus had no military pay contribution to FICA, was providing an unreduced annuity for his survivors. Under the new system the survivor of a Reservist who had no Social Security credits based upon military service will still suffer an annuity reduction from 55% to 35% at age 62. We believe that this arbitrary formula unjustly impacts on this group of survivors and recommend that the Committee reexamine the Survivor Benefit Plan changes made two years ago.

On the subject of the Survivor Benefit Plan, we would like to thank the Committee for reducing the age from 60 to 55 after which a SBP recipient may remarry without losing survivor benefits. This change, made last year, brought the military Survivor Benefit Plan remarriage age in line with the Civil Service Plan.

Thank you for the opportunity to present ROA's views. Your support for the men and women in uniform, Active and Reserve, is noteworthy and sincerely appreciated. I will be happy to answer any questions you might have.

Senator **Glenn**. Thank you.

Colonel Partridge.

STATEMENT OF COL. CHARLES C. PARTRIDGE, U.S. ARMY (RETIRED), LEGISLATIVE COUNSEL, NATIONAL ASSOCIATION FOR UNIFORMED SERVICES

Colonel **Partridge**. Senator, I appreciate the opportunity to appear before this subcommittee to present our views.

Our primary concern is that of maintaining personnel readiness by ensuring an adequate personnel program, including recruitment, retention, promotion, health and family care and retirement.

One of our concerns also pertains to the recent developments in retention. I have some information here that I would like to mention briefly concerning the mid-career and career reenlistment factors that occurred on January 30.

There were some 15,000 reenlistments required to meet the objective and only 13,700 reenlisted. Of those 1,500 who chose not to commit themselves for another 3 or more years, only about a third left the service. I thought this was very, very interesting. The other two-thirds elected short-term extensions.

This is interesting because, generally, the short-term extensions comprise about 10 to 20 percent.

The Army surveyed these fellows to find our why they chose this way of remaining in the service. They found that they were concerned over PCS extensions, the households goods travel allowances, and a variety of other concerns, such as pay, medical care, and so forth.

They seemed to be sending a message that: "we are going to keep our options open before deciding to commit for a career."

Those extensions were anywhere from 6 months up to 3 years.

One of the bright spots in recruiting is the new GI bill. We strongly favor making the GI bill permanent.

It has already proven itself to be a cost effective device as a readjustment vehicle for people who decide to leave the service, and it certainly is cost effective for those who elect to stay in.

First of all, it attracts a higher quality college-oriented youth. These fellows are more likely to complete their enlistments. They are more easily trained. They are less likely to go AWOL or to desert.

One of the studies by the Department of the Army shows that the increased number of high school graduates recruited as a result of the GI bill produced savings of about 13,000 personnel over the period of a year, which is more than enough to man one of the light divisions. They saved approximately $200 million annually as a result of low attrition rates.

I would like to address the point that the GI bill encourages——

Senator GLENN. Excuse me. Would you repeat that—because of low attrition rates? I think with the GI bill, people getting out, that requires a replacement there. It would seem to me that your attrition rates would be a little higher.

Do you mean attrition of people who just did not fit the service and had to be booted out for other reasons?

Colonel PARTRIDGE. No. These are soldiers who were higher quality and did not attrit out. They did not drop out of basic training. So it is a savings there in not having to recruit and train a replacement.

I just wanted to address the point you mentioned on the benefits of the GI bill encouraging them to leave. I would look at it from this view point.

What it really does is to encourage a higher quality young person to enter the service, and it leaves a significant number of them continue to make the military a career. These are people we would not have gotten if we did not have the GI bill.

Those who do get out often go back to college and then go on to ROTC and either stay in the Reserve or come back out and complete the Reserve commitment.

So, even if they get out of the Active Force, they are serving in the Reserves because they have to complete their 6- or 8-year commitment in the Reserves.

So, for these reasons, we strongly urge making the bill permanent.

[The prepared statement of Colonel Partridge follows:]

Prepared Statement of
COL. CHARLES C. PARTRIDGE
Legislative Counsel
The National Association for Uniformed Services

Mr. Chairman and members of the Subcommittee, I welcome the opportunity to present the views of the National Association for Uniformed Services to this distinguished panel.

The National Association for Uniformed Services (NAUS) is unique in that we represent all grades and ranks of uniformed services personnel and their spouses and widow(er)s. Our membership includes active, retired, and reserve personnel of all seven uniformed services: Army, Navy, Air Force, Marines, Coast Guard, Public Health Service, and the National Oceanic and Atmospheric Administration. With such a membership, we are able to draw information from a broad base for our legislative activities.

Personnel Readiness

Our primary concern is that of maintaining personnel readiness by ensuring an adequate personnel program including recruitment, retention, promotion, health and family care, and retirement.

In our testimony last year we pointed out danger signals concerning recruitment and retention reminiscent of the period which foreshadowed the late 1970s. During this period, the military services were desperately short of non-commissioned officers. Talented young officers and NCOs at the eight to ten year point left the services and serious problems in experience and skill levels developed.

Retention

There is much good news about the current status of personnel readiness; however, with Army mid-career retention rates erratic and behind objectives, with the Navy seriously short aviators and nuclear trained officers and the Air Force pilot continuation rate expected to be at 50 percent this year, the time has come for positive action to end the uncertainty about what the future holds for the military professional.

This uncertainty and erosion of confidence can be demonstrated by a recent Army career force reenlistment analysis and survey. The January 30, objective was 15,222 mid-career reenlistments; only 13,715 reenlisted; of the 1500 who chose not to commit themselves for another three or more years, only about one third left the service. The other two thirds elected short term extensions. A survey showed that these career oriented service members have decided to wait and see what this Congress and the Administration do about the promotion slow-down, permanent change of station (PCS) extensions, household goods travel allowances, and a variety of other concerns such as pay, medical care, and other entitlements. The message from these professionals is clear: we need stability and consistency in compensation; we want our needs and those of our families adequately met and would like to see concrete assurances that this will be done. So, until then we are keeping our options open.

One of the first steps Congress can take is to close the pay comparability gap currently estimated to be more than nine percent. The Administration seeks a four percent increase while some in Congress would limit it to three percent. We urge you to support as a minimum a four percent pay raise.

Recruiting - New GI Bill

Both active and reserve forces are benefiting from the New GI Bill, particularly in recruiting.

The need for a permanent GI Bill for military personnel is great and growing. The current GI Bill has already proven in the test period that it is a great success as a readjustment device and a recruiting incentive. It provides a basic benefit administered by the VA for all personnel in recognition of their service to their country and provides the military services with the option of further special financial supplements or kickers as necessary to obtain hard to recruit skills. It has done more than any other recruiting incentive to attract top quality young men and women into our Armed Forces.

The proposed measure provides for the continuation of the New GI Bill beyond the June 30, 1988, expiration date. The New GI Bill is contributory, requiring a decision by the entering recruit to contribute $100 per month for 12 months. It will return a basic benefit to the soldier of $9,000 after two years of service and $10,800 for three years active duty service. The basic benefit is funded by the Veterans' Administration. Reduced benefits are provided for individuals enlisting or reenlisting in the Selected Reserve or National Guard.

In addition, through programs such as the Army College Fund and the Navy Sea College Fund, a recruit may earn supplements for enlisting in the hard to recruit skills the services need. Beginning in 1985, an ROTC option was also offered in conjunction with the GI Bill.

The supplements are aimed at recruiting rather than readjustment, and are appropriately funded by the Department of Defense based on military personnel requirements.

As ambitious, public spirited, dedicated young men and women leave military service after two or more years, they face an increasingly competitive workplace and from their perspective, in many instances they are behind their contemporaries in civilian related skills.

The nation can repay the veteran for this dedicated service and delayed entry into the civilian job market by providing the GI Bill as a reward for his service and to prepare him educationally for the future. This could include service at a higher level in the military through ROTC or through advancement to senior non-commissioned officer status.

The cost effectiveness of the GI Bill as a readjustment benefit has been amply demonstrated over the years in terms of additional taxes as a result of increased earnings by veterans who otherwise would not have attended college. With our nation seeking to increase its competitiveness vis-a-vis other nations, the GI Bill has become an even more significant part of our national effort to become more productive and therefore improve our competitiveness in world markets.

In addition, there are more immediate and more readily apparent benefits which accrue to the military services. The GI Bill attracts a high percentage of college-oriented youths in the high-quality mental categories I-IIIa. These high quality recruits are:

- more likely to complete their enlistments, thus reducing the number of recruits needed.
- Are more easily trained, thus reducing training time and providing a spark of leadership in the enlisted ranks. This provides commanders with the opportunity to reenlist these high-quality personnel who would not have been available for reenlistment otherwise.
- Less likely to go AWOL or to desert. This population has lower crime rates and a lower incidence of drug abuse, resulting in savings in management time, reduced personnel turbulence, and savings in training time.

Studies by the Department of the Army show that the increased number of high school graduates recruited as a result of the GI Bill produced savings of about 13,000 personnel, and cost savings of approximately $200,000,000 annually as a result of lower attrition rates. Further, high quality soldiers perform about ten percent better than other soldiers and provide an example for all soldiers.

As the military services face a rapidly dwindling pool of 18 to 23 year olds, the GI Bill becomes even more important as an incentive to serve.

In recent studies, education benefits were found to be a stronger incentive for high-quality, college-oriented youths than higher pay. Thirty-seven percent of high-quality male, high school diploma graduates rated educational benefits as the single most important reason for enlisting. Forty-three percent of high-quality recruits would not have joined without the GI Bill.

Participation rates by new recruits in the New GI Bill have increased to 81.5 percent in the Army, 61.2 percent in the Marine Corps, 43.3 percent in the Navy, and 41.4 percent in the Air Force.

The Army Recruiting Command reports that education benefits increase the pool of potential applicants by 500,000 high-quality young people.

Some analysts say that the GI Bill encourages soldiers to leave the service after their initial period of service. This is contrary to the military services' experience. The GI Bill encourages a higher quality recruit to enter. Significant numbers of them stay for full careers, thus providing a high-quality, professional soldier and leader which the military would not otherwise have attracted. Of those who do not remain on active duty, many will go on to college and enroll in ROTC, while others will join National Guard or Reserve units. With the reserve components playing an increasing role in mobilization and readiness, the GI Bill is an important part of their recruiting effort.

For all of the above reasons NAUS urges you to make the GI Bill a permanent program; continue the basic benefit as a readjustment benefit funded and operated by the VA, and allow the military services to enrich the program for recruiting purposes.

The nation, its armed forces and the veteran will all be the beneficiaries.

The CHAMPUS Reform Initiative (CRI) and Military Health Care

The CHAMPUS Reform Initiative (CRI), a proposal by the Department of Defense (Health Affairs) to change the way health care is delivered to dependents and retirees, has been scaled back at the insistence of Congress to a test or demonstration in six states within three CHAMPUS regions and a special test in New Orleans. Because of the large number of unknown factors associated with the CRI, we are concerned that the demonstration be of sufficient duration so that data can be collected and analyzed before moving to full scale implementation. Our concerns include:

. Cost - A recent GAO report indicated that the CRI program could cost as much as $800 million more than the current program or reduce costs as much as $400 million.

. Skill Mix - One purpose of CRI is to shift the skill mix toward surgery and combat induced trauma; with no increase in the overall number of medical personnel, shortages in other specialties will continue or become more acute. As a result, additional retirees and dependents will be forced to use CRI contractors, CHAMPUS, or Medicare. There will be no reductions in skills being cut back overseas since CRI is planned only for the United States. Thus, physicians in skills needed primarily overseas and with fewer stateside assignments will be faced with more frequent overseas rotation and perhaps longer overseas tours. Such rotation base problems have consistently led to dissatisfaction, lower morale, and retention difficulties.

. Shadow Population - If the CRI does provide low cost care, beneficiaries not now using CHAMPUS or the military treatment facilities may elect to reenter the system. This so-called "shadow" population, which is not now fully accounted for, could significantly increase costs. Thus, negotiated savings in per-patient costs would be negated by a large increase in the number of patients who previously did not use CHAMPUS. These increased overall costs if not funded by Congress, could result in serious cut-backs of medical care for all personnel. Meanwhile, these personnel could not return to medical treatment facilities since changes in skill mix and other changes would make this impossible. Further, if these personnel in the meantime had given up their private insurance and the new program fails, many individuals, particularly those with existing chronic medical problems and who were no longer insurable, could be severely hurt financially. Thus, there would be no turning back to the old system. Consequently, there should be no further movement to other phases of the program until the demonstration phase has been adequately evaluated by the Congress, the GAO, and other agencies.

. Age 65 and Older Population - Retirees and dependents age 65 or over are no longer eligible for CHAMPUS and pay more under the Medicare system and thus are at great risk under this program. They would have reduced access to the military direct care system if a large shadow population of CHAMPUS eligible personnel comes into the system, and will not have the benefit of cost savings under the CRI contract. These individuals have the greatest need for medical care and their retired pay has lost purchasing power over the years. This group, many of whom are in the lowest income categories, could suffer severely from reduced availability of a benefit they had been led to believe would be there in their old age.

Legislation enacted last year has provided the framework for improved medical care without waiting for the outcome of the CHAMPUS Reform Initiative. These include improving availability of care in existing medical treatment facilities (MTF), the establishment of the new health care account, and funding of contract satellite clinics such as PRIMUS and NAVCARE to relieve the pressure on MTFs. Catastrophic coverage should be added for all CHAMPUS beneficiaries as a part of the effort to improve military medical care.

The report and evaluation of the demonstration project due the Armed Services Committees on CRI should also include a report on the progress made in implementing these more modest improvements. They could prove a more viable long term solution to the medical care and readiness problem than the CRI.

A full and complete demonstration period and thorough, independent analysis and evaluation are the best protection the Congress can give military health care beneficiaries and the U. S. taxpayer. The CHAMPUS Reform Initiative possesses great potential for huge cost increases, inadequate and shoddy health care, and diminished reliance on the uniformed services' direct care system. It could easily result in reducing medical readiness by over reliance on contract providers rather than devoting more resources toward improving active duty and reserve component medical personnel readiness.

User Fees for Outpatient Medical Care

The currently planned test of the imposition of a user fee on outpatient care at military treatment facilities at best is ill conceived harassment of military personnel and their dependents and an erosion of a promised benefit. It will cause the greatest hardship on those who need help the most—individuals with chronic medical problems requiring continuing outpatient care. Further, the young military family, away from home and relatives, has many concerns about making ends meet on a low budget. The young wife whose husband is away on a remote deployment or at sea does not have to make a choice between seeking treatment for a sick child or foregoing treatment to purchase other necessities. Her husband knows this and as a result, morale and readiness are enhanced. In fact, free medical care is cited as the number one benefit by military personnel. We must not allow the further erosion of this benefit to occur by the imposition of a user fee. There has been a great deal of opposition to this proposal in both houses of Congress and we recommend that Congress take action to prohibit this test.

Survivor Benefit Plan (SBP)

Senator Thurmond introduced S. 479, The Forgotten Widows and Survivor Benefits Improvement Act, on February 5, 1987. This bill would correct a longstanding inequity involving a group of aging widows whose husbands died prior to the enactment of the Survivor Benefit Plan. This measure would provide a benefit of only $165 per month, and as with other SBP annuities, be increased in the future through cost-of-living adjustments.

The Congress has considered this legislation many times before and has not acted. By limiting the amount of the annuity to $165 per month, we are assured that the cost will not be excessive. I urge your early consideration and passage of this bill.

Another inequity in the current SBP program is the Social Security offset for widows who have earned Social Security based on their own work. The offset occurs at age 62, based on their spousal Social Security entitlement as a result of their husbands military service. Since these widows draw Social Security based on their own work, they lose all or part of their entitlement to their spousal benefit. However, the full amount that they could have been entitled to is deducted from their SBP payment monthly. This inequity should be corrected.

Cost-of-Living Adjustment

Military retirees are most appreciative that last year the Congress acted to ensure that military, federal civilian, and survivor benefit cost-of-living adjustments were paid in 1987 and that cost-of-living adjustments were protected in the future from sequestration under Gramm-Rudman-Hollings.

The current administration proposal to cap the federal civil service retirement system (CSRS) inflation adjustment at one percent below the increase in the Consumer Price Index (CPI-1) is viewed by our members as a breach of the commitment made last year to treat military, federal civilian, and Social Security recipients even-handedly. Further, the military retiree understands that if CPI-1 is applied to the CSRS, it will probably be extended to him and his widow. Military retirees believe that cost-of-living adjustments to their retired pay are as much a financial obligation of the government as interest on the national debt and for nearly 100 years this was the case. Both retired pay and government securities represent investments. The purchaser of securities invests his money. The military retiree has invested 20 to 30 years of his life and in return believed that inflation protection for his retired pay and for the survivor benefit annuity for his widow would be paid. We are hopeful that early action will be taken to stop efforts to cap inflation protection in 1988.

Commissioned Officer Cuts

We have heard increasing concern expressed by Army officials concerning the commissioned officer reduction and the impact on mobilization capability and readiness. Contrary to popular perception, two thirds of the officer authorization growth since 1980 has been in war fighting units. We are concerned that the mandated cuts will eliminate more muscle than fat and would like to see the Committee stop implementation of the cuts.

Commissary Privatization Test

The Administration's fiscal 1988 budget directs that a test be conducted to determine if commissaries can be turned over to the private sector. Military personnel view commissaries as an integral part of military compensation and rank them second only to medical care in importance of benefits. To replace the commissary benefit with cash would be cost prohibitive and despite numerous studies over the years, none has indicated that the same benefit could be provided at the same cost by contract. Our members see this test as a thinly disguised effort to eliminate or reduce the commissary benefit and believe that the test should not be conducted.

Summary

Increasing pressure to reduce the deficit brings increasing pressure to reduce defense spending. We are concerned that the continuing focus on cutting manpower and personnel accounts will undo much of what has been accomplished in rebuilding military personnel readiness over the past few years. Fairness, the declining pool of draft eligible males, and the need to retain highly skilled professionals, dictate that we bring stability and credibility back to the management of military personnel affairs.

Senator **Glenn**. Thank you.
Chief Nolan.

STATEMENT OF ROBERT W. NOLAN, U.S. NAVY (RETIRED), NATIONAL EXECUTIVE SECRETARY, FLEET RESERVE ASSOCIATION

Chief Petty Officer **Nolan**. Mr. Chairman and members of this distinguished committee, the Fleet Reserve Association's full statement roundly supports the testimony by the master chief petty officer of the Navy and the sergeant major of the Marine Corps on the personnel proposals in DOD's fiscal year 1988 budget.

It seems to us to boil down, very simply, to if today's service personnel are truly of a high quality, as DOD personnel experts have testified—and we have no reason to disbelieve that testimony—then they deserve to receive full major compensation. A laborer is worthy of his hire.

Compensation inequities impact adversely on the quality of life of personnel and, in turn, can be measured very accurately by personnel retention.

Considering the demographics of young America projected for the foreseeable future, the FRA believes it is much wiser to spend an ounce of compensation for prevention now than to spend a pound of cure in the future and risk our national readiness in the bargain.

The FRA well remembers its active support of U.S. Senator Ralph Yarborough's uphill battle in the 88th and 89th U.S. Congress to achieve the enactment of the Cold War GI bill.

In the view of the myriad benefits of previous GI bill programs, reaped by both the participants and the Nation, and the obvious and total success and acceptance of the new GI bill, outlined in our full statement, the FRA urges this committee to approve the provisions of S. 12, without amendment.

As you know, the House has passed an identical bill, H.R. 1085, and, therefore, with this committee's concurrence, a permanent peacetime GI bill can be attained.

Mr. Chairman, without a shadow of doubt, the delivery of medical care to the military community is the No. 1 personnel problem of 1987.

FRA recognizes and appreciates that the primary purpose of the military medical force is readiness and the treatment of the wounded in wartime.

The Congress has wisely directed DOD to implement the CHAMPUS reform initiative slowly. Both the General Accounting Office and the Congressional Budget Office have evaluated the CRI and strongly urged that Phase 1 be tested thoroughly.

The Congressional Budget Office has delineated the financial risk of the CRI's first year's cost, which range from a possible cost reduction of $430 million to a cost increase of $840 million a year.

The FRA urges this committee to monitor and control Phase 1 of the CRI through specifical report language, and addressing the committee's wishes plainly to avoid any misunderstanding of congressional intent.

In closing, I would like to say that the FRA adamantly states that users' fees are a not so subtle form of taxation. We call the practice a user's tax.

It is a most regressive tax, as it adversely impacts the most on those least able to afford it.

Surely, the Congress considers the value of medical benefits inestablishing rates of military basing pay. Therefore, the imposition of out-patient user fees is, in reality, a pay cut.

Again, we urge this committee to clearly word the appropriate provision of the fiscal year 1988 Defense Authorization Act to outlaw user fees at military treatment facilities.

I would like to express the thanks of the 158,000-plus shipmates of the Fleet Reserve Association. We have devoted a major portion of our adult lives to the service of our country and its protection. We thank you for the privilege of coming before this committee today.

[The prepared statement of Chief Petty Officer Nolan follows:]

PREPARED STATEMENT OF CHIEF PETTY OFFICER ROBERT W. NOLAN
Fleet Reserve Association
National Executive Secretary

INTRODUCTION

Mr. Chairman and members of this distinguished Committee, I am Robert W. Nolan, National Executive Secretary of the Fleet Reserve Association. As a retired Chief Petty Officer of the U.S. Navy, it is my privilege to represent my Shipmates of the Fleet Reserve Association. The FRA is comprised of over 158,000 enlisted personnel, active duty, retired and their dependents, of our three Sea Services. Today, I will address their views on the key personnel provisions of the Department of Defense's fiscal year budget proposals.

PRESENTATION

THE MILITARY COMMUNITY'S MEDICAL CARE

Mr. Chairman, without a shadow of a doubt the problem of delivering medical care to the military community is the number one personnel issue of 1987. I am confident the members of this Committee have received hundreds of letters from military personnel, as I have, citing the myriad problems they have in receiving medical care. We are all, too familiar with the sky-rocketing medical costs and the totally uncalled for cost-overruns of CHAMPUS.

The very first point I wish to make is that my 158,000 Shipmates fully understand and appreciate that the primary purpose of the military medical force is readiness and the treatment of the wounded in wartime. To assure that readiness, the military medical force must be comprised of medical professionals who are proficient in their skills from pediatrics to to geriatrics. Thus the primary goal of readiness and the recognized obligation to provide health care to the members of the military community are compatible and can be achieved if, all concerned will recognize the many facets of the problem we face and work towards a mutual resolution.

A RIGHT TO MEDICAL CARE

Personnel of the Navy and Marine Corps base their right to medical care in retirement on the fact that every person serving on active duty in the U.S. Navy and U.S. Marine Corps or retired from either of these services from 1799 to 1943 had twenty cents a month arbitrarily taken from their pay to assure their medical care in retirement. The money was placed in the old Naval Hospital Fund and was used for the construction and expansion of naval hospitals.

The Naval Hospital Fund was in existence for 100 years before enlisted personnel of the U.S. Navy gained a statutory right to military retirement in 1899. Is it any wonder personnel of the Sea Services feel so strongly about their right to medical care in retirement? The issue raged in the U.S. Congress in the mid 1960's when the Fleet Reserve Association initiated its "Hospital Rights" campaign in 1963 as medical care for military retirees in military treatment facilities was at issue. Our legislative campaign ended successfully in the fall of 1966 when Public Law 89-614 was enacted establishing CHAMPUS.

DR. MAYER'S CHAMPUS REFORM INITIATIVE

Unfortunately, the Department of Defense has not administered CHAMPUS properly. For the past fifteen years, FRA has testified to this fact in every U.S. Congress. DoD has allowed CHAMPUS costs to soar and has made no attempt whatsoever to contain these costs by adopting cost-containment provisions which have become accepted practice in the civilian community and other government sponsored health care programs. Now, that CHAMPUS has truly reached the crisis stage and the Congress is prompted into taking corrective action, the Assistant Secretary of Defense for Health Affairs, Dr. William Mayer, launches his "CHAMPUS Reform

Initiative" to massively overhaul CHAMPUS as an instant cure all of the ills of health care delivery to military beneficiaries.

Defense's target date for nationwide implementation of the "CRI" was 1 October 1987. Fortunately, the second session of the 99th U.S. Congress mandated DoD to test their plan before full implementation. It appears that the military community's fears regarding the CRI are fully justified based on the General Accounting Office's and Congressional Budget Office's analysis of the program. In testimony before House Committees earlier this month, both GAO and CBO witnesses expressed strong reservations regarding Dr. Mayer's confidence in the CRI to achieve its intended goals.

Dr. David P. Baine, Associate Director of the Human Resources Division, the General Accounting Office's key witness, concluded his testimony stating:

> "In view of the many complexities and uncertainties involved in developing and implementing CRI, we recommend that the Secretary of Defense direct the Assistant Secretary of Defense for Health Affairs to:
>
> > "expeditiously develop a methodology for conducting a thorough evaluation of CRI's demonstration phase;
> >
> > "assure that CRI's demonstration phase is of sufficient duration that issues such as those raised in our report and those that may arise during the demonstration can be thoroughly evaluated before DoD proceeds to subsequent phases of the CRI; and
> >
> > "inform the Congress promptly if DoD determines that the Congressionally directed timetable (mid 1989) for nationwide implementation of the CRI cannot be met because of the need for a more

> thorough demonstration phase and a subsequent evaluation of that phase."

Mr. Robert F. Hale, Assistant Director of the National Security Division, was the Congressional Budget Office's witness. Mr. Hale's testimony concentrated on how the CRI "might affect the costs of CHAMPUS." He said that, "CBO had identified five key issues that, once CRI is fully in effect, will significantly affect the costs of medical care."

Mr. Hale addressed how to minimize CRI cost risks: allowing a substantial test period for Phase I of CRI. Currently, DoD plans only a six-month implementation demonstration. CBO feels the test period should be a minimum of a full year and two years would be better.

Mr. Hale concluded CBO's statement saying, "Depending on how these five issues are resolved, CRI could decrease costs by as much as $430 million a year below levels that would otherwise be realized or could add to costs by as much as $840 million. Since CHAMPUS now costs about $2 billion a year, there is a substantial cost risk in CRI. This risk could be reduced by approaches such as providing a substantial test period or adopting a closed enrollment."

The Fleet Reserve Association urges this Committee to monitor and control the Department of Defense's Phase I of the CRI through clear, specific report language that addresses the Committee's wishes plainly to avoid the possibility of anyone within the Department of Defense misunderstanding your congressional intent.

USER FEES AT MILITARY TREATMENT FACILITIES

The military community was rocked in the last week of January with the news that the Office of Management and Budget had brow beaten the Department of Defense into testing the charging of user fees for each out-patient visit to a military treatment facility in fiscal year 1988. OMB's action is based on its interpretation of the language in the FY '87 budget law.

FRA regards "user fees" as nothing but a subtle form of taxation. Furthermore, it is a most regressive tax as it impacts the most on those who can least afford the charge. Medical benefits have become an accepted integral part of military compensation. Surely, this Committee considers the value of providing medical benefits in establishing basic rates of military pay. Therefore, it is obvious that the imposition of out-patient user fees is in reality a pay cut!

We urge this Committee to clearly word the appropriate provision of the FY '88 Defense Authorization Act so as to outlaw the imposition of user fees at military treatment facilities.

DEPENDENT DENTAL CARE INSURANCE PROGRAM

The Dependent Dental Care Insurance Program that will become effective on 1 August 1987 is the realization of one of FRA's personnel goals for twenty years. The FRA proposed a similar dependents dental care program under CHAMPUS in testimony to the House Committee on Armed Services in 1967. We commend this Subcommittee for its positive role in addressing this deficiency in the military family's health benefits.

We sincerely hope, that both the Congress and DoD will profit from their twenty year experience with CHAMPUS and assure that the dental care program is not allowed to deteriorate into a benefit of questionable value. You will recall that CHAMPUS was based on a 20/80 or 25/75 cost-sharing basis, with the military member paying the smaller share. In reality, because of "allowable charges" and "reasonable fee" concepts, the military member's share of the cost of CHAMPUS benefits is closer to 35 to 40% of the total medical bill!

Many employers in private industry pay the total costs of their employees medical and dental plans. In today's all volunteer force environment the Services are competing with the employers in the private sector. Care must be taken to assure that the Services offer and deliver competitive compensation and employee benefit packages. To do any less, is to risk the loss of experienced manpower which the military Services endured in the late 1970's.

BASIC PAY

Because military compensation is comprised of basic pay and allowances, the combined impact of capping military increases results in real loss in the buying power of the military family's dollar. The results of the pay caps imposed over the past four years add up to a 9 percent disparity between military and private sector wage increases.

If today's Service personnel are truly of the high quality that Defense personnel experts have testified to, and we have no reason not to agree with the experts, then, personnel of that quality deserve to be fully compensated in equitable measure. Not only should the Congress approve of the Department of Defense's original budget recommendation of a 4 percent increase in basic pay but the deficiencies in the following areas should be corrected:

A. **MILITARY HOUSING:** The adverse impact of the shortage of family quarters affect junior enlisted personnel the most. Also, the current shortage in bachelor quarters, especially for junior enlisted personnel, must be addressed. Military housing allowances fall farther and farther behind inflated housing costs. This is particularly true in the residential areas surrounding Navy home ports. We have reports of active duty personnel in the high-cost San Francisco

Bay area who are forced to commute over 100 miles a day, to and from work, just to find housing they can afford. The Variable Housing Allowance (VHA) offset has had an egregious effect on the housing budgets of military personnel, particularly the married juniors. The offset provision should be repealed and the original VHA payment policy promptly restored.

B. **T.A.D. PER DIEM:** Active duty personnel performing temporary duty travel are not being fully reimbursed for the full costs associated with that duty, particularly, in high-cost areas. There is a great inequity between the policies for reimbursing civilian and military federal employees. For example, civilian federal employees are not limited to a maximum statute ceiling of $75.00 per day. Whereas, the law governing military personnel, as written, allows the increased levels of per diem only if it will save money. Military personnel should receive full reimbursement for necessary expenses incurred in carrying out government ordered travel. This disparity in the law should also be corrected in this authorization bill.

C. **TEMPORARY LODGING EXPENSE:** Military families performing Permanent Change of Station (PCS) moves continue to experience out-of-pocket expenses. The limiting of the Temporary Lodging Expense (TLE) for those involved in PCS moves to personnel in pay-grades E-4 and below has further compounded the problem. The TLE entitlement needs to be reinstated for all personnel performing PCS moves.

D. **HOUSEHOLD GOODS WEIGHT LIMITS:** Because of the lack of a realistic increase in the weight limits for shipment of household goods in a PCS move, the effected military family must dispose of needed household possessions or assume the added cost of shipment. The current authorized household goods weight allowances are woefully inadequate and should be analyzed and increased as recommended by the Services.

E. **PERSONNEL END STRENGTH:** Continued restraints on end strength poses a unique problem for the Navy. The Navy's mission is carried out primarily at sea requiring an equitable rotation of personnel from sea duty to shore duty. Continued restraints on end strength will lead to increased length of sea tours which are already excessive for a number of ratings. Currently the average sea to shore ratio is 4.34 years at sea to three years ashore. However, several ratings approach or are at 5 years at sea for every two years ashore. Increased sea/shore rotation periods carry the stigma and necessity of more frequent family separation -- which remains constant as the number one reason why personnel leave the Navy.

As you can quickly see, these compensation problems not only impact tremendously on the Quality of Life of our military personnel and their families but have a major impact on personnel retention. Considering the demographics of young American citizens in the next few years, the FRA believes it would be wise to spend for an ounce of prevention now than spend for a pound of cure in the future and risk our national readiness in the bargain.

MAKING THE NEW G.I. BILL PERMANENT LAW (S-12)

Mr. Chairman, the Fleet Reserve Association has long been an active advocate of a peacetime program which affords young Americans the opportunity to obtain a higher education in exchange for a stated period of service in our armed forces.

We want to assure the continuing success of the All Volunteer Force. In the cold reality of our shrinking national demographics, we must attract the best of our nation's youth to serve in our Armed Forces. This can be done equitably with cost-effectiveness by making the New G.I. Bill permanent law.

THE NEW G.I. BILL'S PERFORMANCE TO DATE

Based upon the statistics over the period from 1 July 1985 through 30 September 1986, the New G.I. Bill is one of the most effective recruiting tools since the implementation of the All Volunteer Force. Over fifty-six percent of the eligible enlistees who have joined the military since 1 July 1985 have chosen to participate in the New G.I. Bill.

By comparison, analysis of the participation statistics of the Veterans Education Assistance Program (VEAP) over an 8-year period reveals that only 37 percent of eligible enlistees participated in VEAP. What is even more revealing is that of the participating 37 percent, almost half, 48 percent, chose to withdraw and reclaim their contributions after a period of military service.

The following participation percentages show the overwhelming approval and acceptance of the New G.I. Bill:

	NEW G.I. BILL	VEAP
Navy	41%	19%
Marines	60%	8%
Army	74%	20%
Air Force	41%	1%

FRA SUPPORT OF THE NEW G.I. BILL

The Fleet Reserve Association's total support of making the New G.I. Bill permanent law is based upon what the FRA has learned from active duty personnel. FRA's active duty members have voiced their full acceptance of the New G.I. Bill. The Sea Services' senior enlisted military leaders have informed us of the popularity of the new G.I. Bill with junior enlisted personnel. Naval Reserve officials state the Naval Reserve will be hurt significantly if the New G.I. Bill's termination date is not extended beyond 1988. The Naval Reserve and Marine Corps Reserve spokesmen say both Reserve groups have enjoyed a substantial increase in reenlistments and extensions because of the New G.I. Bill with corresponding increases in readiness and Unit stability.

The last week in January the FRA participated in hosting the U.S. Navy's "Recruiters of the Year Week" here in Washington, D.C. The Navy's top recruiters and recruiting commands were honored for their successful performance in 1986. We met and discussed Navy recruiting with the top 20 officer and enlisted recruiters of 1986. Each and every one of them unequivocally stated that the New G.I. Bill is their most attractive lure to young potential enlistees in the upper mental categories.

Because of these reports, FRA was delighted on 4 February 1987, to express its unqualified support for the passage of H.R. 1085's companion bill, S.12, before the Senate Committee on Veterans' Affairs.

IMPRESSIONS OF THE NEW G.I. BILL GAINED ON A FIELD TRIP TO RECRUIT TRAINING CENTERS

Thanks to U.S. Representative G. V. "Sonny" Montgomery, Chairman of the House Committee on Veterans' Affairs, the FRA had the opportunity last month to experience the New G.I. Bill's acceptability among recruits of all Services. We were invited to accompany members of the House Committee on Veterans' Affairs on a two-day field trip, 12-13 February 1987, to military recruit training centers at Fort Knox, Ky.; Lackland AFB, Tex.; Orlando, Fla.; and Parris Island, S.C. Allow me to relate our impressions gained on the field trip.

Each visit to a recruit center began with a briefing explaining that Service's policy, in compliance with the Department of Defense's directive, of informing the recruits of their New G.I. Bill benefits and allowing the individual recruit to make the decision on whether or not to participate. This was followed by attendance to a class of new recruits receiving their initial briefing on the New G.I. Bill. We were present for the entire class. Then our group interviewed a second group of recruits who had made their decision as to whether or not they would participate in the New G.I. Bill, and we would interview them as to their reasons for their decision. At each briefing, Chairman Montgomery's personality and remarks set the stage for an easy and free exchange of comments with the recruits expressing their opinions.

The following are the impressions gained during the two-day field trip:

1. The New G.I. Bill is attracting the brightest and best of young Americans to serve our country and most are joining the service for three or four years.
2. Almost ALL are high school graduates, and I

was pleasantly surprised to see the comparative high percentage who already had earned college credits.

3. Young America is hearing of the availability of the New G.I. Bill. The recruits stated they had learned of it through a variety of sources: the local recruiter, through high school, from relatives and television ads.
4. The military Services' administration of informing the recruits of their New G.I. Bill benefits is very good and each Service is monitoring its performance and comparing its success with the success of the other Services.
5. It was obvious that this monitoring had caused changes in the individual Services' administration of their New G.I. Bill information classes to gain increased effectiveness and participation.
6. This on-going analysis by the Services is accompanied by a policy of adjustment in the explanation of the New G.I. Bill and the time the recruit has to decide on whether or not to participate. The wisdom of this flexibility being afforded to the Services is clearly demonstrated by the fact that since 30 September 1986, the Army has increased its participation rate from 74 percent to 77-78 percent and the Marine Corps has increased its participation rate from 60 percent to 72 percent!
7. We particularly noted that the spokesmen for

> the Services' Reserves and the National Guard were especially enthusiastic of the success the New G.I. Bill was bringing to their forces. All said that the availability of the New G.I. Bill benefits has increased their enlistments and reenlistments providing their Units with an unprecedented peacetime readiness and stability.

Mr. Chairman, the Fleet Reserve Association was fully convinced of the New G.I. Bill's cost-effective contribution to the national security and future economic stability of our nation prior to embarking on the field trip to the Services' recruit training centers. The first-hand knowledge we gained by interviewing the recruits and our observation of the individual Services' information program adds to our conviction of the imperative need for the continuation of the New G.I. Bill as a permanent program.

Therefore, in view of the United States' beneficial results of previous G.I. Bill programs and the obvious success of the New G.I. Bill, the FRA urges this Committee to approve the provisions of S.12, which are identical to H.R. 1085 that was approved by the U.S. House of Representatives by a vote of 401-2! In so doing, you will send young America the message that the New G.I. Bill is here to stay and also inform our military leaders they can continue to depend on the beneficial results of the New G.I. Bill in attracting and retaining the personnel needed to man our Armed Forces.

CONCLUSION

We thank you for the opportunity to express our views. It is because our representative form of government provides the opportunity to do so that we have willingly devoted a major portion of our adult lives to the defense and perpetuation of that government. On behalf of not only my FRA Shipmates, but our enlisted Sea Service personnel everywhere, I thank you. I will answer any questions you may have to the best of my ability.

Senator **Glenn**. Thank you very much.

Sergeant Major McKinney.

STATEMENT OF SGT. MAJ. C.A. "MACK" McKINNEY, U.S. MARINE CORPS (RETIRED), LEGISLATIVE COUNCIL, NON-COMMISSIONED OFFICERS ASSOCIATION

Sergeant **McKinney**. Mr. Chairman, first of all, allow me to extend the deepest appreciation of my membership in giving us this opportunity to present our views here today.

Before I begin, I wonder if I may request that the cover sheet of my prepared statement be corrected. My service affiliation should read "Retired." It does not, but I am.

Senator **Glenn**. That will be corrected.

Sergeant **McKinney**. Thank you.

I further request that the name of the United States Coast Guard Chief Petty Officer Association be added to the record as being supportive of my prepared statement.

Senator **Glenn**. Without objection, it will be done.

Sergeant **McKinney**. Thank you.

Mr. Chairman, the association has submitted quite a list of issues that are of importance to the men and women serving in the enlisted ranks of the Armed Forces. These issues, as addressed in the attachments to my prepared statement, express the deep concerns voiced to NCOA by the senior enlisted chiefs who have appeared here today, and our membership.

Although NCOA is well aware of the fiscal constraints imposed upon Congress, it is believed that further disregard for and erosions in these issues and programs will damage the high state of readiness now enjoyed by the military services.

To be as brief as possible, I will provide a few comments on some of the major issues in my prepared statement.

First, the new GI bill: NCOA urges the subcommittee to endorse and actively support the proposal in S. 12 to make the basic program permanent. There is some talk that the bill should be extended for testing purposes.

NCOA submits that the program has been tested, in fact, for nearly 40 years or better. Only the variable advantages of the kickers that may be applied by the individual services may need supporative data for future consideration.

NCOA, by the way, Mr. Chairman, was the first military organization to advocate a new GI bill following the demise of the old Vietnam era bill. So, the association knows the value of GI education benefits, not only to the advantage of the military's recruiting programs, but to the Nation as a whole.

The second point is a military pay hike in basic pay and in quarters and subsistence allowances. A 4-percent increase would be a sign to the military that Congress is committed to a quality force and is concerned that there have been five successive pay caps imposed on military pay since fiscal year 1982.

There are other housing entitlements that need to be addressed by the subcommittee—for example, variable housing allowances.

PCS reimbursements continue to be a sore spot for military personnel, and the medical situation is worse and getting worse.

This subcommittee, we recommend, should insert language in the authorization bill denying the implementation of that user tax for what was promised as free medical care. To assist in building up the military's health care and supportive personnel, NCOA recommends that all health professionals be exempt from any officer reductions imposed by Congress, and that enlisted strengths be increased for the Army, Navy, and Air Force, and that such increases be limited to services within the medical fields.

NCOA also seeks to halt the test for privatization of military commissaries. NCOA believes such a test is unnecessary and probably not of the long-term difficulty private firms would experience trying to provide services and sales at current levels.

NCOA also urges this subcommittee to address the issues of severance pay for enlisted personnel the deterioration of the availability of MWR facilities, the failure to find equal per diem payments for officers and enlisted personnel, and, last, but not least, compression in pay of noncommissioned and petty officers—all of which we have addressed in our prepared statement.

In conclusion, Mr. Chairman, the fiscal year 1988 and 1989 defense budget seeks a number of personnel programs costing $153.7 million and $436.1 million respectively.

NCOA recommends that Congress take the time to review each program carefully, approving only those that have or will have a positive effect on the three "R's"—recruiting, retention, and readiness.

Thank you, Mr. Chairman.

[The prepared statement of Sergeant Major McKinney follows:]

PREPARED STATEMENT OF C. A. (MACK) McKINNEY (RETIRED)
Sergeant Major, U.S. Marine Corps
Legislative Counsel

The most fruitful product this nation has experienced since 1980 in its defense buildup is the high-state of readiness of our military personnel. Today, the American public enjoys the best-of-premium military manpower ever in the peacetime history of the United States.

The quality is superb. The discipline is most unique in a democratic society. And the dedication is surprisingly admirable in an all-volunteer force scenario. It's doubtful military personnel readiness can improve beyond the current status.

But it hasn't always been this way. In the early 1970s, when Congress choose to adopt the all-volunteer concept the Department of Defense (DoD), under direction of the Administration, began an all-out effort to slash or terminate many of the military personnel programs then available to servicemembers.

Along with losses in purchasing power and promised benefits, the quality of accessions dropped to an unacceptable level. Most recruits were untrainable and incapable of comprehending the need for military discipline. The result was pure devastation.

Tens of thousands of middle-grade commissioned, noncommissioned and petty officers bailed out as soon as they were able to do so. Thousands of senior commissioned, noncommissioned and petty officers retired at an earlier year than previously planned. Personnel readiness fell to a new low. The Navy couldn't get its ships to sea and the Army found itself far short of experienced soldiers in the combat arms.

Congress waited until 1980 before it awoke to the seriousness of the problem. By the end of that year a healthy increase in basic pay and allowances occurred, followed in 1981 with the first targeted pay hike, apparently the only one of its kind to address the compression issue in the 20th Century.

It appears now that Congress may be dedicated to repeating its mistakes of the 1970s. It has agreed to five consecutive pay caps that together have left a greater margin of difference in military and civilian pay than existed in 1979. It has caused the servicemember to carry a larger share of the costs of participation in morale, welfare and recreational (MWR) activities. It has adversely changed the military retirement system to make it less attractive for future servicemembers. It has cut, among others, bonus monies, variable housing allowances, recruiting and advertising funds, permanent change of station reimbursements, MWR funds, and cost-of-living adjustments to military retired pay.

Congress has also permitted the military health care system to reach a new low in serving the military community. And it has caused a quagmire of disenchantment because of a biased approach to former spouses issues and the total lack of support for military retirees when considering cost-of-living adjustments (COLAs) to other federal entitlements.

All of these contribute to a probable decrease in future recruiting and retention rates. Congress can ill-afford to subscribe to the 1970's theory that "recruiting and retention are doing well so there's no need to continue or improve current quality-of-life programs for military personnel apparently content with their lot."

Congress must remember, not only the 1970s, but that DoD (at the direction of the Administration) carries the messages to Capitol Hill. Many of them are molded to fit the budget, not the issues that are pertinent to the success or failure of the military's personnel readiness status. And let's not forget that it was DoD which gave such a good account of military manpower in the preceding decade. Its false bravado contributed greatly to masking the coming mass exodus of military talent in the mid and late 1970s.

In its consideration of the proposed defense budget for the next two fiscal years, Congress should pay greater attention to the needs of uniformed personnel, past, present and future. As much concern as given to big-ticket items must be the goal of the panels having oversight of defense programs. Their recommendations for people issues in FY 1988 and FY 1989 will be most crucial to the success of sustaining the high quality and superb readiness capability of armed forces personnel.

Concurrently, oversight panels will be looking at fundings for other items, i.e.- recruiting and retention, permanent changes of station (PCS), travel and transportation, education, health care, and commissary privileges. Each play a major role in attracting and retaining quality uniformed personnel in the armed forces.

These programs are of considerable interest to the Non Commissioned Officers Association of the USA (NCOA). By virtue of its involvement over the years with active, reserve and retired members and the annual congressional process, NCOA has been invited by the appropriate panel to comment on the issues that are of concern to career enlisted men and women who are appropriately referred to as the "Backbone of the Military." They are the noncommissioned and petty officers who make things happen, take care of the troops, look after the officers and solve the problems. Who better than they to tell it like it is- what is actually needed to attract and retain the caliber of personnel Congress and the American public wants in defense of the nation's military interests.

Currently, the top enlisted chiefs of the five armed forces and the many men and women in the NCO/PO ranks want Congress to know there are negative signs appearing on the horizon. In addition to those mentioned earlier, recruiting and retention funds are not adequate for the mission, the market for eligible young men is declining, morale is beginning to slide, the Armed Services have failed to meet their retention objectives for the first four months in FY 1987, and the NCOA director of Veterans' Job Fairs reports more and more younger active duty members are seeking civilian jobs.

Certainly there's an awareness in NCOA and by NCOs/POs of the mounting deficit. But this consciousness is overshadowed by the apparent similarity to the 1970s' alarm over spiraling inflation. That so-called national crisis was a major cause for a string of military pay caps and reductions in or termination of many promised personnel benefits.

The pay caps were to be an example for the private sector. The reductions and terminations occurred in an effort to "refine" personnel costs, particularly for active duty and retired servicemembers. The strategy failed. Civilian wages continued in most cases to outpace inflation and the loss of pay and benefits caused many former servicemembers to vote with their feet.

Today's servicemembers fear that more pay caps will continue to keep family incomes below those of their civilian counterparts, while at the same time deluged with tales of soaring deficits and how fortunate they are to be employed. It's ludicrous to many senior members to hear of the suffering of the civilian sector; i.e.- unemployment, lay-offs, etc.; when in the more than 200 years of history (with but one probable exception) that sector never gave a hoot whether or not the military was adequately compensated.

More than half of today's servicemembers have families that require housing, education, recreation and those opportunities available to their civilian counterparts. All cost money. Congress must either provide the means or the wages for it was the legislative bodies that permitted the recruiting of new members, married or with family, and did not discourage younger members from marrying and having children who would be and are dependent on the federal government to provide the necessities of life.

So, it is in this light that NCOA offers its list of items, issues and programs for the 100th Congress, First Session, to consider for the next two fiscal years. The list was prepared subsequent to discussions with the top enlisted chiefs of the Army, Navy, Marine Corps, Air Force and Coast Guard, and within the guidance established by the delegates in attendance at the 1986 NCOA Annual Membership Meeting.

The list is attached as follows:

- o New G.I. Bill (See Attachment [A])
- o Military Health Care (See Attachment [B])
- o Housing Allowances: BAQ & VHA (See Attachment [C])
- o Morale, Welfare & Recreation (See Attachment [D])
- o Military Pay (See Attachment [E])
- o Permanent Change of Station and Per Diem (See Attachment [F])
- o Severance Pay (See Attachment [G])
- o Survivor Benefit Plan (See Attachment [H])
- o Miscellaneous (See Attachment [I])
- o Military Construction and Family Housing (Has been submitted to appropriate subcommittee. Copies available on request: (703) 549-0311)

NEW GI BILL

Reference:

P.L. 98-525

Background:

Created in same vein as Vietnam Era GI Bill- to assist in the recruiting and retention of military personnel and improve opportunities to become better and more productive citizens upon return to civilian life. Also, to replace VEAP.

Benefits:

Up to $300 per month for 36 months for three (3) years of active military service; lesser sum for reserve personnel. "Kickers" provided to some who enlist in short-skilled jobs.

Drawbacks:

Enlistee must make short-fused option not to participate; most of all, must forfeit $100 monthly for first 12 months of service; forfeiture not refundable; program still in test stage; fails to address inequities caused for certain military personnel not eligible.

Budget Request:

Transfer fundings for basic benefits for Veterans Administration to DoD.

Opposition:

NCOA and others oppose transfer. Basic benefit is a veterans' program. DoD not expected to preserve program (indicated by past performances). Primary goal of providing improved opportunities for educating veterans is not consistent with DoD mission.

NCOA Recommendation:

- Basic funding to stay with VA
- Supplemental benefits funded thru DoD
- Make program permanent
- Extend benefits to members retiring due to force management practices
- Eliminate forfeiture, reduce forfeitures or extend payment of forfeitures over longer period
- Make forfeitures (if retained) refundable
- Allow members and VEAP participants to enroll upon reenlistment

Justification:

- Most economical as it offers probable greater return of costs in later years
- Enhances recruiting and retention
- Attracts high quality enlistees in the upper mental categories and with high school diplomas
- Ultimately holds down costs related to disciplinary problems

ATTACHMENT [A]

MILITARY HEALTH CARE

Reference: 10 U.S.C., CH 55

Priority:

o FIRST: Medical readiness of the armed services to support military personnel in time of war.

o SECOND: Provide health care for eligible beneficiaries as defined in Chapter 55, Title 10, U.S. Code.

Purpose:

"(T)o create and maintain high morale in the uniformed services by providing an improved and uniform program of medical and dental care for members and certain members of those services, and for their dependents." (Sec. 1070, Title 10, U.S. Code.)

Assumption:

Reasonable to believe Congress adopted above purpose understanding it had more than a moral obligation to military personnel.

Problems:

1)- "The total bed capacity and or capability of peacetime hospitals inadequate for wartime needs.

2)- Shortage of health professionals and inadequacy of equipment and/or facilities causing thousands to be turned away from MTFs; no referral program initiated service-wide to advise beneficiaries where to go, what to do, etc.

3)- CHAMPUS costly to government and user; also complicated, erratically-applied, and unable to adequately cover purposed program or needs of beneficiaries.

4)- Too many in official capacity believe military health care to be welfare program or unearned entitlement. OMB proposes user fee tax for MTF care; says fee will reduce costs and improve quality of care.

Comments to Problems Above:

1)- The military services are better equipped and prepared to comment on the needs of the services to bring military wartime readiness to an acceptable level.

2)- Too many non-acdu beneficiaries turned away at MTFs due to reasons related to insufficient fundings, etc. Part of loss of health professionals probably fault of military services plus unwillingness to serve on acdu. Inadequacy of equipment and modern facilities aid in exodus of health professionals at end of acdu commitment.

3)- DoD's congressionally-approved CHAMPUS Reform Initiative (CRI), plus CHAMPUS Prime, and PRIMUS and NavCare centers may alleviate problem somewhat. Can eventually reduce need for and improve current CHAMPUS program. Opening of civilian health care centers not paced to meet increased demand of beneficiaries denied care at MTFs. DoD says CRI will not increase use of CHAMPUS. WRONG! Problem 2 above makes this a moot question.

4a)- Military health care is an earned entitlement; not charity [Ref: Whitaker v Talbot (1970) 122 Ga App 493, 177 SE2d 381]; strengthened by court decision that servicemember's dependents entitled to medical care under 10 USC

ATTACHMENT [B]

[Ref: U.S. v Cohen (1973, CA2 NY) 485 F2d 230]. **Further, 1974 HASC report characterized medical care to non-acdu beneficiaries as a high moral obligation based on promises made by services to personnel as inducements to enlist, reenlist and stay for careers.**

4b)- Application of user tax would be one more governmental obligation eroded by unsympathetic and fickle federal officials; would adversely affect morale and retention of high-quality personnel; could cause low-income beneficiaries to choose bread-over-care resulting in unfavorable publicity and possible damaging results; could be more costly to collect, and cause considerable inconvenience.

NCOA
Recommends:

1)- Services can improve readiness using more innovative programs in recruiting health professionals for reserve duty. Also, further coordination of requirements with VA hospitals is suggested and preregistration of health professionals with selective service is supported.

2)- Afford health-skilled personnel greater professional training, modernize MTFs, offer greater incentives. Exempt health professional from officer-reduction programs. Increase acdu end-strengths but restrict training and assignments to health care specialties.

3)- Proceed cautiously with CRI. Better to authorize and appropriate all direct health care funds and resources to each service to provide care at MTFs and through CHAMPUS. Expansion of CRI has possible adverse impact on services authority to care for military beneficiaries.

4a)- Provide authorization and funding as a moral if not legal obligation; b)- deny implementation of OMB plan (user "TAX").

Also:

o Support in full, implementation and programming of dental care insurance plan for family members of acdu personnel.

o Authorize continued use of CHAMPUS for over-65 beneficiaries if Medicare fails to cover care provided under CHAMPUS.

o Authorize the establishment of a catastrophic health care plan for beneficiaries.

HOUSING ALLOWANCES: BASIC ALLOWANCE FOR QUARTERS (BAQ) & VARIABLE HOUSING ALLOWANCE (VHA)

Reference: 37 U.S.C., Sec. 403

Background: **1962**- Member cannot receive increased allowance while married to member.

1971- BAQ set at 85% of FHA median for U.S. housing expenses of comparable income groups.

1980- VHA established to offset members' housing expenses in high-cost areas exceeding 115% of BAQ. Intent of Congress: member should not bear entire burden of higher costs.

1983- Reemphasized that USN member below E-7 is denied BAQ/VHA when on sea duty.

1984- VHA/BAQ link cut. BAQ now 65% of national median housing costs. VHA to cover 20% of remaining costs.

1985- Denies VHA to USN members above E-6 pay grade entitled to BAQ by reason of child support when on sea duty though members not living in government quarters.

1985- VHA reduced 50% of difference between BAQ/VHA and actual expenses.

Issues: o BAQ/VHA covering only 81% of costs. If budget ok'd, percentage drops to 77%.

o Proposed hikes in VHA rates for FY 1988-89 (3.4% & 3.5% respectively) will cover approximately half of anticipated increase in housing costs. Annual costs last two years tagged at 7.5% each.

o 1985 action to reduce VHA imposes burden/penalty on members not using VHA money on housing.

o BAQ/VHA paying less of housing costs. Service figures show out-of-pocket expenses up from 15% of BAQ in 1980 to 29% in FY 1984. Currently 30%.

o Problems in keeping costs current and documented. Many members use less expensive housing in high-cost areas to afford necessities of life; some minimal pleasures; allow spouse to stay home with children; finance educational opportunities; etc. Some use allowance to pay for family health care.

o VHA caps impose undue burden on members. As housing costs go up and BAQ/VHA fails to keep abreast, members could be forced to move to less desirable places.

o Single members above grades E-6 authorized BAQ and VHA if they elect not to occupy government quarters. Divorced members in same grades paying child support, not authorized VHA solely by virtue of their assignment to naval vessels even if not required to live aboard the ship.

ATTACHMENT [C]

o 23,000-plus USN members, married to other members. 1,500 in grades E-4 thru E-6 assigned to sea duty. Cannot elect not to occupy assigned bachelor quarters and receive BAQ. Causes inequity since other services allow entitlement while assigned to shore duty. Creates hardship for many.

NCOA

Recommends: o Increase and sustain BAQ/VHA rates to cover 85% of national median housing costs for members of the same grade serving in high-cost areas.

o Repeal VHA offset.

o Authorize and fund VHA payments to USN members above grade of E-6 who are in receipt of BAQ by reason of child support.

o Authorize and fund BAQ/VHA payments to USN members in grades E-4 thru E-6 assigned to sea duty and when married to other members, elect not to occupy ship's/bachelor quarters.

Justification: o Members should not bear inordinate burden of housing expenses when assigned to high-cost areas by virtue of government-sponsored military requirements.

o VHA offset requires documented records of housing costs when VHA payments should be made instead on the basis of national median housing costs. Whether the member prefers to live in less-expensive housing in order to improve quality-of-life for family should not be a major concern unless member chooses to rent/buy/lease below-standard housing when BAQ/VHA is adequate to afford better.

o When divorced, USN members above E-6 paying child support, entitled to BAQ, and living in a non-governmental private residence, should be entitled to VHA if residing in high-cost area- same as single members above E-6 electing not to occupy adequate unaccompanied quarters. (Especially appropriate for members to be assigned to New York area as a result of Navy's current homeporting changes.)

o USN members married to other members, who are in grades E-4 thru E-6 and assigned to sea duty are as equally entitled to BAQ/VHA as are other servicemembers of similar status assigned to shore duty.

MORALE, WELFARE and RECREATION

ACTIVITIES/FACILITIES (MWR)

Background:

o MWR programs and issues vary. (NOTE: NCOA employs broad interpretation herein to include activities directly affecting morale only [i.e.- uniform regulations]).

o MWR continually under gun. Many don't understand program or its significance; not familiar with active military service; have no empathy.

o Costs to servicemembers (SMs) using MWR rises annually without like increases in pay now capped for last 5 years. SMs carrying greater burden, up from 50-55% to current 65-70%. Municipal recreation programs much less costly for civilian users, about 30%. Taxpayers carry remaining costs.

o SMs contributions go into nonappropriated fund (NAF) which Congress has directed services to use to construct MWR (responsibility of government).

o Congress insisting on micromanaging military programs, including those related to morale. Some lawmakers even attempt to enforce personal beliefs under guise of social reform-not related to military readiness. Violates rights of SMs far beyond necessity to impose discipline for the good order of the services.

Issues:

o Privitization of military commissary stores (Comstores).

o Use of NAF to construct MWR facilities.

o Barring use of appropriated funds for support of "revenue-generating" MWR in large U.S. metro areas after 9/30/87.

o Resale stores to pay state taxes.

o Setting sale prices for certain commodities in comstores in violation of federal law.

o Denying military to compete for lowest prices to purchase alcoholic beverages for on-base resale.

o Regulating wear of service uniforms.

NCOA Recommends:

o Comstores. Legislation to restrain OPM's test for privatizing Comstores.

o MWR Construction. Use appropriated funds, not NAF.

ATTACHMENT [D]

o MWR in Metro Areas. Repeal provision barring use of appropriated funds to support "revenue generating" MWR activities.

o Tax Resale Store Purchases. Continue to resist taxation of all on-base sales by individual states.

o Raising Tobacco Prices. Authorize resale system to set prices at current regulatory/lawful levels. Reject further legislative interference.

o Uniform Regulations. Restrain members of Congress from "directing" changes in wearing of uniforms.

Reasons:

o Comstores. Promised privilege; part of military compensation pkg.; critical to economic survival especially for low-ranking enlisted personnel. Appropriated funds used to transport U.S.-made products to overseas comstores and pay employees whose compensation is result of earlier congressional action.

o MWR Construction. Federal government's responsibility to provide MWR facilities for use by SMs. Government determines location of bases and assignment of SMs. Also construction , expansion, etc. of MWR rests on gov't shoulders. NAF should be used only to operate MWR. Unfair to charge SMs for building MWR necessary for the good order and discipline of armed forces.

o Metro Area MWR. High-cost of living in metro areas preclude restraint of appropriated funds for support of MWR. Five (5) successive pay caps; burden of greater housing costs as result of VHA cap; and high-costs of recreation demand that metro area MWR be treated same as those in remote locations.

o Taxing Resale Purchases. Levying a state tax on military store sales is an effort by state governments to generate greater revenues off of SMs. States receive adequate revenues from federal installations or federal funds (i.e.- off-base sales; impact-aid to school districts; etc.) so that Congress need not authorize windfall of greater revenues through taxing on-base purchases by SMs.

o Comstore Tobacco Prices. This initial step in setting prices or banning sales items would not be last. Next effort may be aimed at coffee, sugar, meat fats, etc., targeted by some as unhealthy products. Military service is a "stress occupation"- denial of certain products, under guise of social reform advocated by members of Congress not appreciated or wanted. Smoking may be dangerous to one's health but so can being in the military service of one's country.

o Alcoholic Beverages. Congress reasoned in 1986 that purchase of beverages in-state was unreasonable and unwarranted. However, directing purchases in Alaska and Hawaii to remain in-state not in the best interest of SMs. With Congress demanding use of NAF to construct MWR it is unfair to further penalize SMs by decreasing the amount of NAF contributions ($10 million in Hawaii) by increasing beverage sale prices.

o Uniform Regulation. Members of Congress should not be permitted to dictate personal desires by using legislative process to regulate wearing of military uniform. Current law should remain as is; no attempt should be initiated to usurp military authority in determining proper and necessary uniform requirements.

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MILITARY PAY

1. **Budget:** President Reagan proposes a 4% hike for FY 1988 and 4.3% for FY 1989, the sixth and seventh successive pay cap since 1982.

2. **Comparability:** The FY 1987 increase still leaves a 9.4% gap between military and civilian pay over the past 5 years (in favor of civilians).

3. **Employment Cost Index:** Indicates civilian wages have gone up 30.5% in last 5 years while military pay increased but 19.3%. For civilian workers, in the last 4 years, real wages and salaries have been growing.

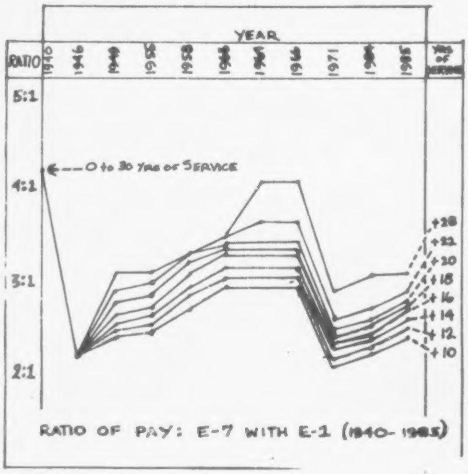
4. **Concern:** Lack of Administration and congressional concern for military compensation in the mid and late 1970s was a major cause of the loss of professional talent in the NCO/Petty Officer ranks. The gap in 1970, for example, was less than the 9.4% referenced in "Comparability" above. (See "Survey" below.)

5. **Compression:** NCOs/Petty Officers, particularly in pay grades E-4 thru E-7, have experienced pay compressions over the years, whether the ratio of pay to the lowest enlisted pay grade of E-1 begins in 1941 or 1967 (see chart below for example).

6. **Relation to New Military Retirement System adopted in 1986:** New system designed to encourage longer service, yet pay scales in 5 officer and 6 enlisted grades not structured for pay hikes at certain year-levels. No incentive for members in these grades to remain in uniform after 20 years. (Ref. P.L. 99-34 8).

7. **Responsibility:** Enlisted members promoted to E-4 carry greater responsibility as they enter NCO/PO ranks, yet their pay increase is less than that for advancement in lower grade (E-2 to E-3) - $79.80 mo. v. $57.70, at more than 2 yrs. of service.

8. **Survey:** A 1985 DoD survey of nearly 90,000 members found only 26.9 of enlisted male respondents and 36.3% of female counterparts satisfied with their pay & allowances.



RATIO OF PAY: E-7 WITH E-1 (1940-1985)

ATTACHMENT [E]

PERMANENT CHANGE OF STATION (PCS) AND PER DIEM REIMBURSEMENTS

References: For military, 37 U.S.C. (CH 7); and for federal employees, 5 U.S.C. (CH 57).

Issues:

1. PCS reimbursements fall far short of member's costs to move at the direction of the federal government; forces many younger members to borrow private funds.

2. Senior noncommissioned and petty officers currently are restricted to transporting less household goods than junior officers with less time-in-service and no or smaller families.

3. DoD asked for less funds for FY 1987 Temporary Lodging Expenses (TLEs) on the false premise that members not using available FY 1986 funds.

4. Members ordered to move from one section of U.S. to a higher-cost area find they cannot afford housing at new duty installation.

5. Law enacted in 1980 to pay per diem to enlisted personnel same as rates for officers. Never funded.

NCOA Recommends:

1. Increase the amount of reimbursement to members undergoing PCS. (Adopting items 2 thru 4 below will help.)

(a) Authorize and fund PCS to more closely match federal employees' reimbursements.

(1) PCS fundings should not appear in the military personnel account. Gives presumption money authorized and appropriated is for military pay and allowances.

(2) Much of PCS costs are for fixed moves rather than arbitrary selections (i.e.- USMC estimates 63% of funds are for fixed moves; Army 67%).

(3) Federal employees receive substantial allowances for house-hunting trips.

(b) 1983 survey showed costs out of members' pockets was $4 for every $1 reimbursed.

(c) Increasing dislocation allowance will help in offsetting some costs.

2. Increase household goods (HHGs) weight allowances for senior NCOs/POs.

(a) Current weights for senior NCOs/POs set at 8,500 lbs. for E-7s, 9,000 lbs. for E-8s, and 9,500 for E-9s, regardless of time-in-service. Junior officers, with far less time and more-than-likely smaller families, authorized 9,500 lbs for O-1s and up to 12,000 lbs for O-2s thru O-4s. Normally senior NCOs/POs have as much time-in-service and families of equal size as O-4s.

ATTACHMENT [F]

(b) Current weights are inequitable. Allowances should be attuned more to congressional action on other incentive programs- eligibility established on time performance as well as members' grades and family size.

(c) Civilian employees allowed up to 18,000 lbs.

3. Reestablish full funding for Temporary Lodging Expenses (TLEs).

(a) Needed to offset high-costs of members PCS.

(b) DoD's FY 1987 statement that members not using funds was misleading. Did not inform Congress problem was at DoD level. Members not informed funds for TLE available.

4. Reimburse members for home ownership losses as result of PCS.

(a) Member on PCS moves from low-cost housing area (i.e.- North Carolina) to high-cost housing area (California). Sells NC home. Finds like-size housing in CA at far-greater purchase costs than affordable.

(b) Member should receive reimbursement for real estate expenses similar to that authorized for federal employees.

5. Per Diem payments should be determined by equitable regulations. Program needs to be funded by Congress.

(a) Many enlisted personnel receive prejudicial treatment in determining per diem payments. These are mainly air crew members and senior enlisted personnel assigned to temporary duty along side commissioned officers and/or civilian employees.

SEVERANCE PAY

1. **Who's Not Entitled:** All enlisted personnel on active duty with the U.S. Armed Forces, except those found physically unfit for service, regardless of number of years of active duty.

2. **Who Is Entitled:** (a)- All federal employees meeting requirements of eligibility under TITLE 5, U.S. CODE. Entitlement since 1965. Need only 12 months of continuous employment to qualify. (b)- Many foreign nationals employed in host nations by U.S. Government. (c)- Commissioned officers of the active and reserve components of the U.S. Armed Forces may be entitled to either separation, severance or readjustment payments. Must have five years minimum active service to qualify for separation and readjustment pay. Payments may total as much as $30,000. (Ref: TITLE 10, U.S. CODE).

3. **Background:** o 1970s- NCOA sought Congressional approval for authorized severance payments for enlisted personnel (involuntarily separated/denied reenlistment, under honorable conditions with 5 years of continuous active duty).

o DoD refused support. Why? Enlisted entitled to bonuses.

o NCOA argued only small number of enlisted, about 6%, receive bonuses and that certain officers also entitled to bonuses, plus special pays, and severance pay even if commission result of federal largess (i.e.- free education at military academy).

o DoD revised position; advocated adoption of severance pay whenever Congress considered amending military retirement system; included same in earlier legislative proposals submitted to Congress.

o DoD failed to recommend severance pay for enlisted when submitting final legislative proposal requested by Congress prior to adopting new retirement plan in 1986.

4. **Recommend:** Congress to authorize severance pay for enlisted personnel (1 month's basic pay for each year of active duty in excess of 5 continuous years not to exceed a total of $15,000).

ATTACHMENT [G]

SURVIVOR BENEFIT PLAN (SBP)

Reference: 10 USC, Chapter 73

Background: o SBP adopted 1972 as a member-rejective, cost-sharing (member and government) program. Every member w/20 years or more of active service automatically enrolled unless, upon release from active duty for retirement purposes, chooses not to participate. Spouses to be notified of nonparticipation.

o Payments and annuities to be CPI-adjusted whenever military retired pay is adjusted.

o Payments, collections and reductions in retired pay go into U.S. Treasury.

o Later amendment authorized members to voluntarily insure former spouses.

o FY 1986 amendment changed plan requiring spousal written approval of members' option not to participate or reduce coverage.

Issues: o Plan developed into an all-but-compulsory program. Causes excessive expenditure of funds for manpower and paperwork in administering latest changes in law.

o SBP annuities for over-62-years-of-age-survivors not guaranteed CPI-adjustments whenever social security payments are so adjusted.

o SBP reductions in retired pay, collections and payments not credited to military retirement fund having responsibility of paying SBP annuities.

NCOA Recommends: o Repeal of amendment (10 USC, Sec 1448) requiring written spousal approval for member to opt out of plan. Intent of SBP to be as near to a voluntary program as possible. Some members can enroll in better commercial plans.

o Amend 10 USC, Sec 1451(g)(1), so that SBP annuities for survivors over age 62 will be CPI-adjusted at same rate as social security or military retired pay adjustments, whichever is the greater. SBP annuity always has been related to survivors' entitlement to social security based on government's contribution to members' FICA while on active duty.

o Adopt new section to 10 USC, Chapter 73, authorizing premium payments made by members to participate in SBP (and RSFPP, an earlier plan), to be deposited in DoD Military Retirement Fund to directly offset costs of annuities paid to eligible survivors. (Members of Congress, Administration officials, and public need to know SBP is a cost-sharing plan of which the participating member has paid a greater share of the costs than originally established by initial act.

o Adopt the language of S. 479 to provide for "forgotten widows." This long-standing, unfortunate and inequitable situation for the pre-SBP (1972) widows needs to be resolved.

ATTACHMENT [B]

MISCELLANEOUS

1. **RECRUITING and ADVERTISING.** Authorize and fund greater appropriations for services to recruit quality personnel, particularly when number of available and prospective young men is dwindling and civilian sector is becoming more competitive in its recruiting tactics.

2. **UNIFORMED SERVICES FORMER SPOUSES PROTECTION ACT (FSPA).** Amend to offset DoD's lack of will to exercise even minimal quarantee of servicemember's rights as provided in the act.

3. **AWARD of the GOLD STAR LAPEL BUTTON.** Amend 10 U.S.C., Sec. 1126, to authorize presentation of the recognition to eligible survivors of members whose death occurs from wounds received in prescribed engagements "if death occurs within 6 months of hospitalization for the wound or wounds received and such hospitalization was not terminated or suspended during the 6 month period."

ATTACHMENT [I]

Senator GLENN. I thank all of you for your statements.

Before we get into questions on current forces, let me ask you some questions about your particular group.

You are all retired military. Where is the Government not living up to what you thought they were supposed to do when you were on active duty?

MILITARY RETIREMENT SHORTCOMINGS

Are there shortcomings in your retirement years?

In other words, are post-service compensation and benefits what you thought they were going to be? Are there areas where the Government is short-changing you?

You are a particularly unique group to comment on that, so I think we would be derelict if we did not ask your opinions on that.

Does anyone want to volunteer to start off?

Admiral KILCLINE. Yes, sir. I'll start.

Senator GLENN. Admiral Kilcline, go ahead.

Admiral KILCLINE. The No. 1 thing, I think, for people who have retired———

Senator GLENN. Let me add one other thing, if I could interrupt here.

I think this is important not just in dealing fairly with you, but for people on active duty right now. They want to know that in their retirement years they are going to be dealt with fairly. Lord knows that we throw enough doubt into the system as it is.

I would like your viewpoints on this.

PAY AND HEALTH CARE

Admiral KILCLINE. Well, two things are pay and health care. The continued challenge of COLA reductions is destabilizing.

But probably more important, really, is the challenge to proper health care. There is not anything that bothers a person who is getting a little bit older and beginning to have problems than to find out that he really does not know where he is going to have to turn.

I guess I am as good an example as any. I served over 40 years. I can go to Bethesda, if it is an emergency, but it is impossible to get a physical or have a regular appointment.

This is uncomfortable. Many people have retired and moved into areas where they would be close to the kind of medical care they had been accustomed to in their service years. So that is an expectation that is critical.

Senator GLENN. But you can do this in Bethesda on a space available basis, can you not?

Admiral KILCLINE. I cannot get a physical on space available. A retired officer can't get one. It doesn't make any difference whether you are a vice admiral or whatever.

Senator GLENN. Is it that you rate it but there is just no space available? It's the lack of space?

Admiral KILCLINE. There is no space available. That is a decision they have made, that, don't even ask.

Senator GLENN. Can you, as Navy retired, go to Walter Reed or any other place?

Admiral KILCLINE. Yes, sir, I can—if space is available at Walter Reed. And I have applied to them.

Senator GLENN. Okay.

Does anyone else have a comment?

Sergeant Major McKinney?

Sergeant MCKINNEY. I would say the same that the Admiral referred to, it is fairly well a concern to all of us—that is, the COLA's, the CPI, for example.

I think one of the things that has upset me the most and has upset a lot of us was back when the Gramm-Rudman-Hollings bill came up and the act was being considered both on the Senate and the House floors. The House voted to exempt veterans. No one stood up and mentioned anything about military retirees. I certainly think a military retiree is a veteran, particularly if he served 20, 30, 35, or, in the case of the admiral, 40 years. That is a veteran.

But no one stood up for us.

Senator GLENN. That was not included in the definition of the word "veteran," military retirees?

Sergeant MCKINNEY. No, sir.

Senator GLENN. Military retirees were not veterans by definition?

Sergeant MCKINNEY. No, sir. The VA does not understand that military retirees are veterans. It never has.

In fact, the VA does not understand that you have veterans in the Active Forces today. You are only required in certain eligibility provisions under the statutes of law to have, maybe, 180 days, 90 days, or 200 or whatever, to qualify for certain veterans benefits. But the VA has a very difficult time in swallowing the fact that we have in-service veterans or that retired military people are veterans.

Now, in the health care area, I was a sergeant major of two recruiting stations. And I also was a first sergeant back in the old days. The first sergeant was also the reenlistment NCO. Not only did I chew them out one day but asked them to come in the next day and reenlist, which was the most ridiculous thing in the world. But, nevertheless, that is the way we worked it.

But all along, I did not do anything but promise those youngsters that if they would stay, they got free medical care. No one told me that there was a little provision in there which says "if available."

I have recruiting material from the past and some commander's calls and what not that tells the same thing.

You go and ask an officer today, a senior commissioned officer today, if he has ever read Title X, and I would say 9 out of 10 of them—and I think I am now being very generous—never read Title X.

Senator GLENN. You are probably right.

I am glad to have your comments on that, particularly regarding the definition of "veterans." That is something that I think we should look into a little bit further.

You are all close observers of the military scene these days and you have followed some of our questions in past hearings, and were also here today for testimony of our earlier witnesses concerning the adequacy of the Reserve Forces to do the job underlying combat. This is the purpose of the whole organization, of course.

As we have indicated, General Meyer, in earlier days, asked some questions regarding this. This was mentioned earlier.

I would like your views as to whether we can sustain what we have in the Reserves of the various services, as you observe them. Can they do the combat job? When we questioned the Army directly on this, some of the Reserve units do not have some of the equipment or the skills that are necessary to fill out some of their assigned duties.

COMBAT READINESS

Now, it is not all Army, but the Army is most hard hit by this deficit. General Hultman, maybe you would want to comment here, and the others, too. It is not just the Army. I do not mean to be picking on the Army. But the Reserve units in the Army have been rated 55 percent not combat ready. That is almost a war-stopper if we get into combat, because we are dependent upon the Reserves. Absolutely. It is not just a matter of the Reserves mobilizing 3 or 4 months down the road after something starts. They have to be there in the very immediate, second wave or the whole organization is not organized to do the job we have to do in combat.

I would like each of you to comment on that and then I will turn to Senator Wilson for his questions.

General HULTMAN. Senator, if I could respond to that, as I said to you earlier, from 1975 to 1985, I commanded three of the largest Reserve units that fit exactly in the category you are referring to. They covered the gamut. I am referring now to the Army.

For combat units, I had one of only three combat brigades. It happens to be right now aligned in Alaska with the Active Army brigade there, and those two brigades have the mission of defending, as far as the Army side of the defense there.

In the case of logistics, my particular unit, in logistics, the 103rd Corps Support Command, was the first COSCOM organized in the Reserve Forces and had the mission under Capstone, which was a concept which we developed, of supporting the immediate, ongoing, primary needs of combat service support in Europe.

In the medical area, I had a general officer medical command, which, again, is charged with grave responsibilities today, not tomorrow or a month from now.

So I respond from this perspective.

Without any question, as we sit here today, I can say to you that in my experience, from a private in 1943 to this day, we are the best prepared at this very moment, outside of in the middle of a war, where the whole society is geared up and everything in that direction; we are the very best we have ever been. And that is good.

Senator GLENN. Well, we have had testimony that stated that 55 percent of the Reserve units are not combat ready.

General HULTMAN. All right. Let me give you a specific response to that.

A number of the units specifically in my command—and I am a realist. I am the one, with those young men and women, who have to meet the test you are referring to. So I am vitally concerned with what your question is and your observation is. In a number of those units, the only difference between them being C–4 and being C–2 was a very small amount of equipment—in one case, one single piece of signal equipment.

Now, if you want to ask me or the members of that unit whether or not they are combat ready, the test of being combat ready was not whether they had that piece of equipment, but whether or not they had the training, the capability, and met all those requirements to go to battle and do the things that were required of them. The answer, Senator, is yes.

Senator GLENN. I do not want to be argumentative, but let me ask this question.

This is so fundamental that, if we are down to some units that just need one or two pieces of equipment, who on earth is doing the planning in the Pentagon that does not supply them that one piece of equipment and then rate them higher? That is so ridiculous that I just cannot comment badly enough on it.

If that is the kind of planning we have going on, it is awful. If we have units where that is the only thing that keeps someone from moving up out of C–4, then that piece of equipment must be made available.

Some of the testimony was that certain pieces of equipment were part of the problem, but also some of the skill levels, some of the qualified personnel, were also preventing some of the units from moving up.

But if it is just a minor problem, if that is commonplace, that just shows an absolute lack of planning over in the Pentagon.

General HULTMAN. I cannot respond. As the Sergeant said earlier, that is way beyond my pay level, and I——

Senator GLENN. No, it isn't. Not your pay level.

General HULTMAN. Well, wait a minute. Just a minute. I am not the one who makes the decisions as to whether or not that piece of signal equipment is to go to an Active unit, a Guard unit, or my particular Reserve unit. I fought like hell and those commanders do fight to get that piece of the pie.

This is why I said to you in my opening comment—and that was the reason for it—that because the Reserves have the mission that you referred to and have to be able to go and do those things, that is why we have to have, in terms of equipment, those pieces that we need to properly train, first of all, in order to make sure of their training capability, but, second, in order to be able to go to war at any given moment.

So, what I am saying to you, in response, clearly is this. The C-rating to me realistically, was not one which really showed are you ready to go to combat or not in terms of comparative ability. It had to do with a very critical item, in this case a piece of equipment, which is very important, and until that unit does have that piece of equipment, then it should be rated down.

Now, I don't agree with the system. I never did agree with it. But, what I am saying to you in response to your question is very definitely, the status of those units today is very high. But if there is going to be an across-the-board cut or if there is going to be an allocation, you must give us not just that "equal" because that is going to make the Reserve contribution less capable, and that we cannot do.

We must have those specific pieces of equipment. We must have those full-time matters—we have the skill and the expertise—in order to accomplish what it is that we need to do.

Senator GLENN. Some of the skills were also mentioned. I will turn this over to Senator Wilson after I make one more comment.

MEDICAL READINESS

You mentioned medical readiness. We are more dependent on Reserves in the medical situation for combat capability, than any of the other special areas, I believe.

General HULTMAN. That is a crying need. That is a No. 1 priority.

Senator GLENN. Eighty percent of our combat medical capability has to come from the Reserves. Testimony we had was, for instance, and I am recalling this from memory, but I believe it was 75 percent that we are short. We are short, 75 percent short of certain type of surgeon, I believe orthopedic surgeons. We are 67 percent short of anesthesiologists. We are short a very high percentage of nurses. We are 38,000 short on nurses and physicians overall, of which about 8,000 of that total is doctors.

So, in the medical support area, we are woefully short.

General HULTMAN. Yes, and I would agree with that, very definitely.

Senator GLENN. If I am out there and about to get shot, that would be a war-stopper to me, if I do not have someone to help me out.

Now you cannot say that that is necessarily an absolute war-stopper. But it means that our casualty rate is going to be higher otherwise.

My time is up.

Senator Wilson.

Senator WILSON. Thank you, Mr. Chairman.

Let me ask a question first of Sergeant Major McKinney, which I will put into writing to earlier witnesses from the first panel.

OFFICER CREEP

We have been very much interested, to put it mildly, this subcommittee, in what has been referred to by some as "officer creep." This does not refer, of course, to any individual personality in a pejorative way. It has to do with a phenomenon. [General laughter.]

Some call it grasp creep. [General laughter.]

The question really has to do with whether or not the growth in the ratio of officers to enlisted personnel is warranted. We have asked DOD and the individual services to respond to questions specifically aimed at trying to determine whether or not there has not been an undue growth in that ratio.

The responses we have had so far have had to do with fears expressed, almost universally, by all who have responded that if we were to try to do something about that, we would be threatening combat readiness.

The response that we have then made in turn was to ask whether or not the non-combat billets—finance, accounting, the budget officers, people who are involved other than in combat—whether or not those ranks might not, in fact, be bloated, and whether we could not achieve some kind of reduction there.

My question to you and to the earlier members of panel one has to do with whether or not, in your opinion, we are making adequate use of NCOs, whether or not they are being given responsibility commensurate, ironically, with the requirements that seem to be increasing, for them to develop new proficiencies.

The complaint that we have had from some enlisted representatives on staff visits, in particular, is that we seem to be demanding more and more of them in terms of training them, but demanding less and less from them in terms of the actual assignments that they are being given.

I would be interested in your comment.

Sergeant McKinney. Well, I think the distinguished Senator threw a loaded question at me. [General laughter.]

You know, sergeants major are a unique people. Nobody except the first sergeant is needed. First sergeants are the best people in the world. If you have a good first sergeant, you have a good company. You have a good battalion if you have good first sergeants.

Back in the days when I was an up and coming first sergeant, my company commanders, for example, were advised to leave the area and go to the officers' club, go and play golf or something, and by the time they got back, they would have a very squared away organization. Of course, the officers did that. If anything happened while they were absent, they always took up for the first sergeant and said probably that the young fellow tripped over a locker box and that is why he looks that bad.

But I think there is a problem in the officers' corps, not so much with the numbers we have, but perhaps with the utilization of them.

Going back a number of years ago, in boot camp, where you have recruit training, we rarely ever saw an officer—rarely ever saw an officer out there except at a distance. Yes, we saw a medical officer when we went in for health care, or a dentist when he checked our teeth. But that was the extent of the officers we saw until the day we graduated from boot camp.

Today, if you go out to marine boot camp, you will find officers all over the place. Why, I don't know.

To me, I think that because some 10 percent of the NCOs fouled up out there, they put officers out there to check on the NCOs.

I think we are doing an injustice to those NCOs by putting those officers out there.

CHAMPUS REFORM INITIATIVE

Senator Wilson. Let me ask a different question now. I will pick the statement of the Fleet Reserve Association, because they have addressed it quite specifically. That is the subject of the CHAMPUS reform initiative.

In the testimony, Mr. Nolan, I note that the GAO and CBO witnesses who testified are cited as having expressed strong reservations. Reading even the language that you have cited here, I think that what they are doing is expressing, probably, a proper concern of what is admittedly a complex program, that it be adequately tested.

I guess this is almost a rhetorical question. You are taking Dr. Mayer to task—and, incidentally, representing almost that he is the sole backer of CRI, which is not true, or we would not be engaged in any testing. What we have is a situation where, although Active duty personnel are entitled to health care in military hospitals, and military families and dependents are entitled to health care under CHAMPUS, we have had a situation, Admiral Kilcline being an example of it, where a number of people cannot get in not only into Bethesda but any number of other facilities, and where the costs of CHAMPUS, as you indicate, have gone sky-high.

Now, he is trying to do something about it in a way that does not propose that we reduce the number of services covered, that we not reduce the number of eligible providers, that we not reduce the quality of care, but, instead, introduce some competition for CHAMPUS.

I think that is a hell of a good thing to do myself. I think it should be carefully tested. But I certainly think that it ought to be tested, because CHAMPUS is the guarantee for the families and for their dependents.

You know, in the past 2 years, Chairman Glenn and I have sat here, listening to people testify, that military medicine has two missions, and that we are not performing either one of them very well, and that the primary mission has to be the treatment of combat casualties, which it clearly does. And yet, we do have an obligation to our fighting men and women to provide health care to their families. But we have been trying to do it by CHAMPUS.

Now, CHAMPUS itself was an experiment, and it has turned out to be a damned expensive one and not a very effective one in many cases.

We get all kinds of complaints. That is why it is called the CHAMPUS reform initiative. We have gotten as many complaints, more by far, in fact, complaints about the quality of the care and the accessibility of the care, I might add, as well, far more than complaints from those who are paying for it about the actual cost of it.

So, you have expressed caution, to put it mildly, about the initiative and have said that there needs to be reform of CHAMPUS.

We absolutely agree that there needs to be reform of CHAMPUS. But if you don't support what Dr. Mayer is proposing, I just wonder what alternatives you would support.

Chief Petty Officer NOLAN. Yes, sir.

Senator GLENN. Let me say that we are 2 minutes into the vote and have only 7 minutes or so left to go and vote.

Senator WILSON. Rather than detaining the witnesses, Mr. Chairman, we can submit questions for the record.

Chief Petty Officer NOLAN. I think, in fairness, that it would require a lengthy response. Rather than tie up this meeting, let me supply that to you for the record, if I may.

Senator WILSON. That is fine.

[The information follows:]

Admiral KILCLINE. In recent years, OSD has shown a predisposition to treat dependent/retiree health care needs and the state of medical readiness as mutually exclusive problems and they are not. Consequently, instead of transferring resources from CHAMPUS to shore up the debilitated military medical care system (i.e., basing military medical personnel authorizations and assignments on the capacity of existing military treatment facilities (MTFs) and sizing new facilities to take the retiree population into consideration) OSD has placed increased reliance on CHAMPUS. Given that modus operandi, it's no wonder that Dr. Mayer, Assistant Secretary of Defense for Health Affairs, has proclaimed that CHAMPUS is broken.

We believe it's time for OSD to reevaluate the course it is following to restore medical readiness. Instead of continuing its costly odyssey, OSD should provide the MTFs the assets necessary to do the job, and doing so, assure the medical support that's absolutely necessary to maintain combat readiness.

The most direct route to medical readiness is to increase the numbers of doctors, nurses, and technicians in direct proportion to the number of beneficiaries in each catchment area. Maximizing the potential of our MTFs would: (1) improve wartime readiness by providing a larger base of medical personnel for mobilization purposes; (2) help recruiting and retention of medical personnel by increasing their experiences in dealing with the medical challenges of an older population; (3) cut significantly into the CHAMPUS cost overruns at a time when an unknown entity (CHAMPUS Reform Initiative) is being tested in an effort to control cost; (4) help the services in overall recruiting and retention efforts (the current callous treatment of retired personnel is bound to hurt there efforts); and (5) enhance the morale of military personnel by assuring that care in MTFs will continue into retirement.

With respect to the CHAMPUS Reform Initiative, our major concern has been medical readiness. We are convinced that the accelerated implementation schedule initially proposed by OSD would have precluded the meticulous evaluation that is so essential to such a major and potentially costly undertaking. The emergence of the "ghost" or "shadow" population, quality assurance, optimum control and oversight of the health care finder network and access to military treatment facilities by the 65 and older retiree population are but a few of the major issues that need to be examined before a decision is made to implement CRI nationwide.

Senator WILSON. I am not trying to put anybody on the spot for a quick answer here.

Chief Petty Officer NOLAN. I welcome it, because of the fact that the Fleet Reserve Association originated the legislative program in 1963 which resulted in CHAMPUS being enacted into law. So I feel that I have some views and information that should be presented to you.

Senator GLENN. We have about 4½ minutes to get to the floor, by my watch, right now.

Gentlemen, I think, rather than prolong this, what we are going to have to do is what we did with the earlier panel. I am sorry for the short nature of the hearings this afternoon, but it is beyond our control. This is a vote to compel attendance, and then beyond that, we have the Highway bill veto override vote, so I know that we are going to be over there for a while.

I think, rather than keep you waiting, we will submit questions. Answer them in writing, if you would, please. We will include them in the record.

We appreciate very much your being here.

Thank you very, very much.

[Questions for the hearing record, with answers supplied, follow:]

QUESTIONS SUBMITTED BY SENATOR JOHN GLENN

CHAMPUS REFORM INITIATIVE (CRI)

Senator GLENN. As a group, you have expressed varying opinions about the CHAMPUS Reform Initiative. We heard some pretty optimistic testimony from Dr. Mayer a couple of weeks ago and we also heard from GAO on some of the concerns they had about the initiative. I have not drawn any conclusions about the program yet. Would each of you tell us what your constituency thinks about the initiative and what problems you see in it?

Admiral Kilcline. Our members are deeply concerned that the CHAMPUS Reform Initiative (CRI) will sound the death knell for retiree care in military medical facilities. In recent months the shift to reliance on the private sector has become more pronounced as one military facility after another has eliminated or severely curtailed the medical care available to retirees.

The prognosis for the non-CHAMPUS eligible (i.e., over 64) retiree population is particularly grim. Under the CRI, the contractor, with guidance from the hospital commander, will control access to military and civilian providers. However, because the over 64 retiree population is not eligible for CHAMPUS, their needs for access to military treatment facilities (MTFs) is not an integral part of the CRI contract. Our members worry, and rightly so, about how they will gain access to MTFs if they are not part of the mainstream.

If we are to continue to attract the best medical school graduates and maintain combat readiness, we must offer the challenge of a full spectrum of medical practice. CRI could divert dependents and retirees from the MTFs to the contractor. No young doctor worth his salt would be content with a practice limited to physical exams and the minor ailments of a young healthy Active Force.

Another major problem we see is that CRI could become a convenient vehicle for transferring medical care and therefore resources to the private sector. This could result in even fewer military medical practitioners, further exacerbating the severe shortage of medical personnel available upon mobilization.

PRIMUS AND NAVCARE

Senator Glenn. In your opinion, how well are the PRIMUS and NAVCARE type of operations run by the services working?

Admiral Kilcline. Our members who have used PRIMUS and NAVCARE facilities consider them to be a major breakthrough in medical case management. Therefore, we support the service proposals to increase the number of facilities. PRIMUS and NAVCARE centers appear to be very responsive and we hope they continue their high level of performance as more are established in other areas.

These and other innovations by the services reduce MTF patient load while maintaining the proper emphasis on military medical care as the primary source of care for all beneficiaries. Another innovation worthy of consideration by this committee is the Finder Program developed by the Air Force. Briefly, under this plan, the MTF commander retains overall control of his catchment area by assigning patients he cannot handle in his own facility to civilian providers in the area who have agreed to abide by CHAMPUS rates.

CHAMPUS REFORM INITIATIVE

Senator Glenn. What is your assessment of how the CHAMPUS Reform Initiative may affect the treatment available from military facilities?

Admiral Kilcline. A very real risk with the CHAMPUS Reform Initiative is that the potential costs are understated. There are no valid estimates of potential patient load under CRI. If in fact, a significant ghost population (i.e., retirees and dependents who are now covered by private insurance plans and do not use CHAMPUS or Military Treatment Facilities) should emerge to participate in CRI, the services will be required to reprogram resources from the direct care system to fund CRI cost overruns. The Congressional Budget Office estimates they could run as much as $800 million. Transferring that amount from the direct care system would have a devastating impact on military medicine.

Therefore, rather than press forward with CRI on the accelerated schedule contemplated by OSD, we consider it more prudent to proceed cautiously. In fact, given that CRI is such a complex undertaking, it might be advisable to test Phase I for a 2 or 3 year period to allow the ghost population to emerge and the demand for CRI to stabilize. Only then should a decision be made with respect to the second and third phases of CRI.

Finally, we are also concerned that OSD has not yet developed the methodology to be used in evaluating the results of the first demonstration project. It makes good sense to know what the test parameters will be before a binding contract is awarded.

DENTAL INSURANCE PLAN

Senator Glenn. The Department of Defense is about to implement the dental insurance plan for active duty dependents that was authorized last year. What are your views about the program?

Admiral **Kilcline**. A dental insurance plan for active duty dependents is long overdue. This top priority quality of life initiative is essential if active duty benefits are to keep pace with the private sector. By 1990, more than 50 percent of the private sector employees will have some form of dental coverage.

The dependent dental insurance plan should help reduce overcrowding in military dental facilities and therefore could restore to retirees the access to space available dental care they lost in recent years.

PRIVATIZATION OF COMMISSARIES

Senator **Glenn**. The Department of Defense is currently working on a plan to test the "privatization" of commissaries. What are your views on this initiative?

Admiral **Kilcline**. It would be a mistake to challenge the commissary benefit any further. We know from the limited ventures into privatization (e.g., Yuma Proving Grounds, Turkey) that a private sector contractor cannot provide military people the same commissary benefit that now exists for equal, or less cost to the government.

On the other hand, a test of privatization would heighten members' concerns that an extremely important institutional benefit was being eroded and unnecessarily introduce instability into the compensation package at a time when the services' retention outlook is tenuous at best.

USER FEES AT MILITARY TREATMENT FACILITY

Senator **Glenn**. The Department of Defense is also working on a plan to test a user fee for dependents and retirees who go to a military treatment facility for medical care. I am on record as opposing such a fee because it breaks faith by eroding an expected and "promised" benefit. What are your views if the user fee were to be applied prospectively only? In other words, those coming in would know that they had to pay a nominal amount for their dependents to be treated in a military facility.

Admiral **Kilcline**. The Retired Officers Association is strongly opposed to a user fee in any form and disputes the administration claims that a user fee could reduce the "frivolous" use of military medical facilities. Anyone who uses these facilities will attest to the fact that such use is totally unlikely given the current difficulties in obtaining care.

Applying a medical user fee prospectively would solve only one of the many odious features associated with the proposal. Even with the prospective application of a user fee, the propensity to forego necessary preventive medical care would grow and greatly increase the risk of serious medical complications. Further, the wives of our young sailors, soldiers, airmen or marines who are deployed at sea or on isolated tours would be faced with untenable bread versus health care decisions. The wrong decision would irreparably damage morale to the detriment of mission accomplishment. Finally, for the young serviceman away from home and his wife, the base or post hospital often provides the guidance and assurance normally provided by older members of the family. That security would be damaged by a user fee.

In summary, even a prospective medical user fee poses an unnecessary threat to readiness and should be rejected by Congress.

NATIONAL SERVICE

Senator **Glenn**. In some of your statements, you indicate you believe we are at a crossroads in our ability to man the Armed Forces with the same high quality personnel we have today. However, there are others who do not share the same concern. I would be interested in hearing your views on this and whether or not you think some form of national service may be appropriate in the future?

Admiral **Kilcline**. As indicated in my prepared statement, the warning signals on the horizon—pilot shortages in the Air Force and Navy, nuclear officer shortages, and NCO shortfalls, the bellwethers of the 1979 retention crisis—indicate that retention is fragile at best. Career decisions and therefore retention will depend heavily on what Congress does this year and next to repel the numerous challenges to the benefits and entitlements military people have earned through years of dedicated service.

National service addresses a different problem—recruiting. In the best of all worlds, it would appear to be in the best interests of this country to institute some form of national service. Every young person should have the opportunity to know about and share in the responsibility of making this country work. However, there are many significant emotional and economic factors that will undoubtedly prevent national service from being adopted. Nevertheless, employing some form of national service would be imperative if we were to attempt to share the burden of citizenship among all segments of our society. Even then, those who are inducted into the military would be required to bear more than their fair share of the burden given the extraordinary demands imposed upon them.

POST SERVICE COMPETITION AND BENEFITS

Senator **Glenn**. One area that sometimes does not get the attention it deserves is on post service compensation and benefits. What problems do you see in this area and what enhancements would you like to see?

Admiral **Kilcline**. There are many post service compensation and benefit programs that are of great concern to us. For example, retirees and their survivors have earned and deserve annual cost-of-living adjustments that keep pace with inflation. Another priority is to provide a survivor benefit package that is comparable to that available to federal civilian employees, particularly paramilitary organizations (e.g., CIA, FBI, firefighters). Perhaps the most important consideration at this time is medical care.

Even though there is no guarantee in law, active duty personnel are led to believe that health care and dental care will be available to them as retirees. For this reason, many retirees established post service residences near military installations. Recently, the implicit health care promise has been repudiated as retirees in ever-increasing numbers are being turned out to the private sector for care.

At the present time, MTFs are attempting to serve 100 percent of the eligible beneficiaries with a professional and support staff designed to serve only 20 percent—the Active Force. This situation is neither sensible nor fair to either the providers or the beneficiaries. The Defense Department solution (CRI) would contract out a major share of the patient load to systems that are demonstrably more expensive than the military system. We strongly recommend the most reasonable course of action would be to give the MTFs the assets necessary to do the job, and doing so, assure the medical support that's absolutely necessary to maintain combat readiness.

We believe that the Defense Department should seriously consider increasing the numbers of doctors, nurses, and technicians in direct proportion to the number of beneficiaries in each catchment area. If a nationwide effort is not feasible in FY88, an alternative would be to conduct a demonstration project to evaluate the apparent benefits: (1) it would improve our wartime readiness by providing a larger base of medical personnel for mobilization purposes; (2) it would help recruiting and retention of medical personnel by increasing their experiences in dealing with the medical challenges of an older population; (3) it could cut significantly into the CHAMPUS cost overruns at a time when an unknown entity (CRI) is being tested in an effort to control cost; (4) it would help the services in recruiting and retention efforts (the current callous treatment of retired personnel is bound to hurt these efforts); and (5) it would enhance the morale of military personnel to know that in-house care will continue after active duty.

It is also appropriate to put more teeth into the intent of PL 99-337, Oct. 15, 1982. Prior to its enactment, any space in military medical facilities programmed for retirees and their dependents was limited to that required to meet teaching and training requirements. PL 99-337 added "cost-effectiveness" as a new criterion for considering incremental sizing of military medical facilities for retirees and their dependents. The programmed space requirements were to be based on the most cost-effective way to provide inpatient and outpatient care to retirees. The determination of cost-effectiveness is based on an economic analysis, including life-cycle cost comparisons of various alternatives for the activity. Thus, the cost of providing medical care to the current beneficiary population under both CHAMPUS and Medicare is weighed against the capital outlays and other expenditures necessary to construct and operate a miltary medical facility large enough to provide such care in-house. In connection with the law, Congress anticipated that the analysis would review a number of options ranging from total in-house care to recapturing varying portions of the current CHAMPUS and Medicare workloads.

That law has great potential for reducing Federal medical expenses and its applicability to the current medical crisis should be reemphasized to OSD.

QUESTIONS SUBMITTED BY SENATOR PETE WILSON

MILITARY PAY

Senator **WILSON**. I want to follow up on your statements about military pay. As I have said in previous hearings, staff, in recent visits to the field have found the level of military pay to be the highest priority concern to enlisted personnel, and I am concerned about whether we are at a point that people will "vote with their feet" if Congress caps military pay for the sixth year in a row.

What are your feelings about this? Is there a compensation issue which is more important to our enlisted members? Are our enlisted members really worse off than their civilian contemporaries or are they just convinced they are worse off? Is there one segment of the enlisted force worse off than another, i.e., first termers, second termers, careerist, etc. If so, should a military pay raise be targeted toward that group?

ARMY

Sergeant **MORRELL**. Soliders have indicated to me that there is no compensation issue more important than military pay and, frankly, they are not satisfied. The real loss in pay comparability, 9.4 percent, in the last 6 years affects all military personnel, not a single group. This may have contributed to the fact that almost 80 percent of Army enlisted personnel perceive that military pay will not keep up with inflation. I believe these issues help explain our inability so far in FY87 to achieve reenlistment objectives for mid-careerists, those with 6–10 years of service. Under the right circumstances, targeting of pay could be used to support manpower management objectives such as restoring pay comparability or encouraging reenlistment of high quality soldiers. I would emphasize, however, our soldiers are affected by the total compensation program, not just basic pay. Therefore, if, for example, targeting pay of mid-careerists resulted in a savings when compared with an across-the-board raise, the dollars should be applied to other recruiting or retention programs. I would not support targeting as a method to reduce the manpower budget.

NAVY

Chief Petty Officer **PLACKETT**. There is a real disparity between civilian and military pay. Governmentally generated statistics prove this out. Additionally, I have observed in my travels around the Navy, the steps sailors and their families take in order to achieve an acceptable standard of living. For example, the number of spouses having to hold jobs and sailors who moonlight are steadily increasing. Therefore, realistically speaking, our sailors are worse off than their civilian counterparts.

The hidden factor in the equation determining total compensation is the nonavailability of some services which are used to compute total compensation. The lack of available medical care causes sailors to take money out of their pocket to pay for dependent medical costs. Caps on allowances for quarters and variable housing allowances cause the member to pay more to maintain their standard of living. The increases in user fees associated with forced removal of appropriated fund support from MWR activities passes more cost to the individual. The pressures caused by the lack of availability of some services, not just pay caps, are the reasons people are more concerned about pay. The fact is, it costs more for a sailor to live today then it did two years ago. Our compensation increases have not matched what inflation and/or budget cuts have taken away.

There is no single element of compensation that takes precedence over others. All elements are the issue.

The impact of capped pay and allowance raises have not unfairly affected any single segment of the Navy. Targeting of pay raises would be counterproductive in my opinion. It would send the wrong message to the "untargeted" segment of the Navy.

AIR FORCE

Sergeant **BINNICKER**. Undoubtedly, all of our military members, not just the enlisted personnel, are concerned and disturbed about the pay raise levels over the past several years. Consequently, the 4% military pay raise recommended in the President's budget is and will remain one of our top priorities. Although the majority of military people who serve are motivated first by patriotism and love of country, they are increasingly concerned about the adequacy of pay since it affects their ability to care for their families. Military pay has kept pace with inflation; however, it has not matched the real, or above inflation, increases earned by private sector workers. Consequently, all military people have been denied the rewards of higher productivity enjoyed by their civilian counterparts, and they are becoming increasingly disturbed over the pay differential. Five consecutive pay raises have been below private sector wage growth, and our members need and deserve at least the 4% pay raise recommended for FY88. A sharp increase in inflation that reduces purchasing power, coupled with improved employment opportunities, could trigger a rapid decline in retention. These potential downside risks on force readiness must be avoided or we may suffer the same tragic consequences of the late 1970s. In addition, the widespread media attention given to the recent Congressional pay increase only reinforces the perception by many military members that Congress fails to recognize their financial hardships.

The concept of targeting is designed to deal with specific skill shortages and problems. Accession and retention problems historically vary both by Service and by skill, not by pay grade and years of service. To counter those problems, we "target" pay through the use of enlistment bonuses, selective reenlistment bonuses, and special and incentive pays.

An across-the-board pay raise supports the concept of unit cohesiveness, rather than damaging morale by increasing the basic pay of some members at the expense of others. All service members are subject to the difficulties and hazards inherent in military service, and all have endured the recurring pay caps since FY83. It is only fair that they should share equally in the 4% military pay raise recommended for FY88.

MARINE CORPS

Sergeant Cleary. I am very concerned that if we are to continue to enjoy the unprecedented quality of marines in the numbers that we do today, military pay must be maintained at a comparable level with the civilian sector. Military pay cannot continue to be capped without expecting, potentially, to lose a high percentage of these marines. This is not a concern which the Navy Times has created. With an increasing percentage of our marines married, they are genuinely feeling the money pinch in meeting the obligations of providing for their families; and if there is an area where their concern is the greatest it is where it affects them all, basic pay.

The issue of adequate pay is one that affects all marines equally. I strongly, oppose targeting pay raises to any specific group.

NCO RESPONSIBILITIES

Senator Wilson. In recent years, we have heard more and more complaints about the fact that NCOs and petty officers are not being properly utilized as authority to make certain decisions and carry out certain actions . . . has been more up the chain of command. Now at the same time, we are requiring our NCOs and petty officers to attend more and more formal schooling to learn to be better supervisors and leaders.

How do you feel about this issue? Are we really using our NCOs and petty officers effectively? Can't they be given more authority and responsibility? Aren't there some jobs now reserved for officers which senior NCOs and petty officers can perform at least as effectively. (For example, I understand the Army is now seriously considering using enlisted personnel to fly helicopters, a job presently reserved for officers—aren't there other examples?)

ARMY

Sergeant Morrell. I believe the complaints about lack of NCO authority are as usual behind the reality of the situation. The Army in recent years did suffer from a lack of effective use of the noncommissioned officer as the fighter-leaders we are designated and trained to be. We are just beginning to see the results of the training and development of AirLand Battle. The NCO plays a much greater role in the first part of the doctrine—the domination of the enemy by controlling close-in operations. This means that both officers and NCOs must understand "The fluid, compartmented nature of modern war will place a premium on sound leadership, competent and courageous soldiers, and cohesive, well-trained units." (FM 100-5, Operations.)

It means as one of my fellow sergeants major told General Vuono not long ago: "General, you know why you are patting us on the back and telling us we are so good? . . . First reason is you are letting us go to school and you are letting us get educated and trained at every level and the second reason is that you are giving us the authority and responsibility that we are perfectly capable of handling . . . That is why the noncommissioned officer corps is getting better every day. Please . . . don't change a thing except make the educational opportunities better and continue to ensure that as you talk about officer development that you continue to give the noncommissioned officer the authority and responsibility."

I believe the NCO is being give more authority and responsiblity, but I also believe we need to continue to do this. Several studies have indicated how to accomplish this and we continue to look at ways, such as the pilot issue, to use our NCOs to meet their full potential.

NAVY

Chief Petty Officer **Plackett**. The authority and responsibilities of petty officers is a function of the chain of command and will vary with the situation. Therefore, to formally stipulate what the authority and responsibility of each petty officer grade is would not be feasible.

In my opinion we are effectively utilizing our petty officers' technical skills. However, the Navy has not in the past provided the necessary formal and on-the-job training opportunities for our junior petty officers (E4/5) to develop their leadership potential. We are in the process of correcting this shortcoming in recognition of the reality of manning the fleet in the nineties. Our first class and chief petty officers are now loaded with leadership responsibility.

Indeed there are jobs that enlisted personnel could do just as efficiently as officers. The question becomes—"What tasks are we going to give up that are now being done?" The average work week across the Navy far exceeds the norm. Routinely, personnel are expected to put in 50–60 hour weeks to accomplish current tasking. It is unreasonable to expect our personnel to accept additional work which would lengthen an already long work week.

Is it fair to ask sailors to do more without compensation?

AIR FORCE

Sergeant **Binnicker**. The question somewhat surprises me. In my travel as a former Command Senior Enlisted Advisor (Tactical Air Command) and now as Chief Master Sergeant of the Air Force the issue that Noncommissioned Officers are not being properly utilized as authority to make decisions and carry out actions have been moved up the chain of command has not once been raised. Nor has this issue been surfaced or discussed at our Senior Noncommissioned Officers Academy in seminars and forums which are attended by 1,250 senior NCOs annually.

Our Professional Military Education (PME) programs shape our NCOs for their leadership roles and responsibilities in the USAF. Decentralization of the decision making process in the Air Force clearly gives our NCO leaders the authority to execute their responsibilities and I might add, holds the NCO Corps individually accountable for their responsibilities and actions.

Our senior NCOs have a unique role in that they serve as leaders and followers at the same time. Our PME courses prepare them well to lead subordinates and simultaneously be responsive to their seniors (Noncommissioned or Commissioned).

There is no doubt in my mind that some of our younger NCO's, the middle managers, would like greater decision making ability and higher levels of responsibility. Their desires for greater NCO responsibilities—not officer responsibilities—will come as they progress in their Air Force careers.

Question. Are we really using our NCOs and Petty Officers effectively?

Answer. Our Air Force NCOs are technical and professional warriors who maintain the readiness of personnel and the most complex weapon system and technology ever developed for our military mission. Readiness of personnel includes the entire installation support and service processes that support people and the mission. I believe our NCOs are being used effectively and this can be documented by inspection reports, air and ground accident safety rates, and the high alert posture of our weapon systems.

A concern that I have on the effective use of our NCOs is caused by reduction of funds in the Permanent Change of Station Account. In the future, it appears that we may be constrained from making personnel moves based on budget logic. The implication is that as NCOs are promoted and capable of assuming responsibilities of higher grades, we will not be able to move them where they can best be utilized. The result could be that installations will have senior grade resources in manpower spaces of lesser grade and other installations will have junior personnel serving in positions of higher grade authorization. If budget logic forces this to happen, then I believe we will not be using all of our NCOs effectively and the morale of the Corps will be diminished.

Question. Can't they be given more authority and responsibility? Aren't there some jobs now reserved for officers which senior NCOs and petty officers can perform at least as effectively. (For example, I understand the Army is now seriously considering using enlisted personnel to fly helicopters, a job presently reserved for officers—aren't there other examples?

Answer. We have had a long term initiative to put enlisted personnel in positions of responsibility where their technical and professional skills can be best utilized. Let me share some of our current and past initiatives:

Productivity innovations, such as Rivet Work Force, will see expanded job opportunities and responsibilities for our NCOs

Section Chief positions at the Military Personnel Center in enlisted areas of concern have been changed from officer to enlisted

Community College of the Air Force Registrar position changed from officer to Chief Master Sergeant

Senior NCO Academy Commandant position changed from Colonel to Chief Master Sergeant

Senior NCO Academy Vice Commandant position changed from Lieutenant Colonel to Chief Master Sergeant

AFCC Detachment Commanders are being changed selectively from officer to enlisted

Additionally, the current imposed officer reduction (FY 87-88) in the Air Force—which I personally view as radical—may force some senior NCOs into positions for which they may be neither trained nor qualified. We're watching this area carefully to insure that we don't jeopardize our enlisted force structure—as some positions are made available for senior NCOs.

MARINE CORPS

Sergeant CLEARY. While certain jobs are filled by officers because of statutory requirements or other similar considerations, the Marine Corps is, and has traditionally been, using senior NCO's and SNCO's whenever possible/practical. For instance, SNCO's are often utililized as action officers with responsibilities in many cases coequal to their officer counterparts.

Another very relevant example is the recent decision to give responsibility for the management and conduct of the Marine Corps' SNCO academies entirely to senior SNCO's.

Finally, the important role of senior NCO's and SNCO's as advisors must not be overlooked. It is an imprudent commander or staff officer indeed who makes important decisions or embarks on serious missions without the advice and counsel of his staff and duty experts, to include senior NCO's and SNCO's. In this example, the responsibility for the decision might well be an officer's, but the decision likely had its roots in the broad base of knowledge and experience provided by senior NCO's and SNCO's.

SINGLE PARENTS ON ACTIVE DUTY

Senator WILSON. When the Service Personnel Chiefs were before us, I asked them about what I believe could be a "time-bomb" out in the field—that is the increasing number of single parents we have serving on active duty, especially overseas. (Just to make this issue clearer, this is not a woman's issue because the majority of single parents now on active duty are men, not women.)

What are your views on this issue? Is it a problem overseas? Do you believe the so-called "child care plans", which are required of each single parent on active duty, will work, especially if hostilities were to break out overseas or if we went to full mobilization? Should the number of single parents on active duty be restricted, at least overseas?

ARMY

Sergeant MORRELL. Admittedly, single parents do have some special problems, and do create concerns for field commanders because the need to provide care, support, and supervision to the children competes for soldier's time. If not properly handled, this reduces soldier's availability for the full range of responsibilities demanded by their units. Most of these soldiers realize and accept their responsibilities as single parents and properly plan to ensure that their children are cared for on a daily basis as well as during emergency situations.

Problems are somewhat amplified in oversea areas because it becomes more difficult to arrange adequate care for children, especially during prolonged absences of the parent and especially for those living in the more remote locations lacking easy access to our Army child development centers. This does place some added stress on oversea based single parents. The problems overseas are not overwhelming. Most single parents are able to solve their problems with the aid of commanders and community support agencies.

There is no conclusive evidence to support the notion that child care plans will not work. They (care plans) will work if the plans are properly maintained. Field commanders are instructed to test the adequacy of these plans during Emergency Deployment Readiness Exercises and through periodic reviews.

Single parents are not eligible to enlist in the Army. Soldiers who become single parents while on active duty may continue their service. Continued active duty for single parents should not be restricted nor should oversea service be restricted. Most single parent soldiers continue to be productive and contribute to the success of their units. As a last resort, those soldiers who do not properly perform their appointed duties are subject to release from the Army. Demographic studies reflect that the available pool of military eligible individuals is declining; therefore, we would really need to take a close look at any potential restriction which would limit our ability to retain high quality soldiers.

NAVY

Chief Petty Officer **PLACKETT**. The problems created by single parents overseas is not viewed as a women's issue but rather one of readiness. Single parents assigned overseas dramatically impacts junior enlisted personnel. Single parents in the lower pay grades frequently are unable to find affordable housing, have transportation problems, and are hard-pressed to find reliable child care in overseas areas. These considerations frequently affect their reliability and create an unjustified administrative burden on the command. Excessive numbers of single parents assigned presents a readiness problem in some overseas areas.

The dependent care certificates ("child care plans") program is, in my opinion, not much more than a paperwork exercise. The program has never been tested as to it's authenticity of certification. Realistically, should hostilities break out, I would expect a majority of the single parents to be evacuated with their child/children.

Restricting the number of single parents overseas would be grossly unfair to other members of the Navy. The strength of the distribution system in the Navy rests in the concept of "world-wide deployability". Should a segment of our end strength become unassignable world-wide it would adversely impact sea/shore rotation for non-single parents. Personnel must be accountable. If military members are unable to meet their commitments by reason of dependency they should be administratively separated from the service.

AIR FORCE

Sergeant **BINNICKER**. Single member parents present a serious readiness and personnel management problem for the Air Force. Of equal concern are military couples with dependent children. The AF/IG conducted a Function Management Inspection in 1981 and 1985 and reported that single member parents and military couples were having great difficulty maintaining adequate dependent care arrangements.

As a policy, the Air Force does not access single parents in the enlisted force. Officers may be commissioned without regards to their marital/dependency status, however, efforts are underway to establish a standardized dependency policy for both officer and enlisted accessions.

Reviews of dependent care plans indicate that single member parents (SMP) and military couples with dependents are having difficulty complying with the dependent care policy. Presently, the Dependent Care Plan (AFR 35-39) has been revised and is awaiting publication. The revision requires SMP and military couples with dependents to complete AF Form 357 certifying that both a short-term and long-term child care plan has been established by the member. Once members certify that a child care plan is established IAW AFR 35-39, they are liable under UCMJ if the Air Force finds the plan is not workable or does not actualy exist. The organization commander reviews unit member's plan at least annually. The child care plan, if fully complied with, will work and should not adversely affect our ability to mobilize.

The Air Force assignment policy is not influenced by a member's marital status. If Air Force members are unable to meet an assignment requirement due to dependent care responsibilities actions are then initiated to separate the individual from active duty.

This issue represents an area of growing concern. The number of single member parents serving on active duty has increased 2.3% during the last four months, raising the total number to 9,300. In an effort to manage this problem, the Air Force will not make any preferential treatment for any of its members at the expense of others serving in the Active Force.

MARINE CORPS

Sergeant **CLEARY**. We cannot limit the assignments of single parents. Single parents must certify they are available for world-wide assignments and remain so. Further, we cannot afford to discharge them because of the amount of money the marine Corps has invested in them and some of the very critical skills these marines possess. Many single parents are officers and senior enlisted marines. Single parents have been and will continue to be assigned overseas.

The validity of child care plans are only as good as the efforts marines put into making the plans. As the 1985 DOD Spouse and Member Survey revealed, the Marine Corps has the fewest numbers of marines reporting problems with care for their children in the event of recalls and short and long deployments of any of the Services and we do not currently require any child care plans. We plan to require child care plans for all single parents, dual military couples, and families overseas in fulfillment of an existing congressional requirement.

Currently, we feel the numbers and assignments of single parents cannot be restricted without giving unfair advantage/consideration to single parents while taxing single marines or traditional families with more separations.

[Additional statements follow:]

ADDITIONAL STATEMENTS SUBMITTED FOR THE HEARING RECORD

PREPARED STATEMENT OF THE MARINE CORPS RESERVE OFFICERS ASSOCIATION

Mr. Chairman and Members of the Committee:

The Marine Corps Reserve Officers Association (MCROA) is the only organization whose sole purpose is to support and strengthen the Marine Corps, its Reserve Component and its Reserve Officers. Since its inception in 1926, MCROA has promoted the interests of the United States Marine Corps in the broadest and most liberal manner to the end that it may best advance the welfare of and serve to preserve the security of the United States.

The membership of MCROA is composed of active and retired Marine Corps Reserve Officers and Regular officers who are vitally interested in preserving, protecting, and defending the security of the United States through their service in and support of the United States Marine Corps and its Reserve. By their training, these officers are leaders, not only in the military, but also in their civilian jobs and communities.

We appreciate the opportunity to submit written testimony for the record on Manpower and Personnel issues that could adversely affect the morale and combat readiness of the armed forces. The two issues we want to address are Mandated Officer Reductions and the Wearing of Visible Religious Apparel.

Mandated Officer Reductions

Our membership is extremely concerned that full implementation of the Congressionally mandated officer end strength reductions would result in an unacceptable degradation in the readiness and capability of the Marine Corps.

The impact of the FY 1987 reduction is considered minimal on readiness and capability. However, FY 1988 and FY 1989 reductions which will have to come out of the Fleet Marine Forces will result in a degraded level of combat readiness and a reduced ability to carry out current Commander-in-Chief War Plans.

We support the Secretary of Defense's formation of an officer requirements study group to assess the impact of the FY 1987 and future officer reductions on military readiness.

We strongly recommend that the officer strength reductions mandated for the next two years be held in abeyance pending the results of the Secretary of Defense Study. This issue is too important to the security of the United States to proceed further without the [illegible] assessment.

The Wearing of Visible Religious Apparel

We strongly advise against passing the currently pending legislation which would permit the wear of visible religious apparel while in uniform.

We support the conclusions of the DoD Study of the question of religious accommodation in the military which concluded that the current policy regarding the wear of religious apparel was correct. Our advise is that the potential adverse consequences significantly outweight any perceived gain in changing current policy.

Thank you for the opportunity to provide our views.

Statement of

THE NATIONAL MILITARY FAMILY ASSOCIATION

The National Military Family Association (NMFA) is a volunteer, non-profit organization composed of members from the seven uniformed services, active duty, retired and their family members and survivors. NMFA is the only national organization whose sole focus is the military family and whose goal is to influence the development and implementation of policies which will improve the lives of those family members. NMFA appreciates the opportunity to express its views to this Committee.

NMFA appreciates the work that this committee has done towards improving the quality of life for military families. We are particularly pleased with the anticipated August 1987 implementation of the dental insurance plan for active duty families. However, compensation has not kept pace with the needs of military families. The high quality of the current military force includes military family members who are also educated, thoughtful and questioning.

Direct military compensation is currently 9.4% less than that of the private sector. The value of indirect compensation is also declining rapidly, particularly in the areas of medical care, housing and Permanent Change of Station (PCS) reimbursements.

Historically, a major retention incentive has been the availability of medical care for active duty families, retirees, survivors and their families. Access to medical care is a significant part of military compensation. The direct care system cannot handle the 9 million beneficiaries eligible for care in a military treatment facility (MTF). The alternative source of medical care for military *families under the age of 65 is CHAMPUS, which is a costly, complicated, outdated, fee-for-service arrangement. Only 27.3% of physicians in the United States accept CHAMPUS assignment. Therefore, costs to the beneficiary for outpatient care average 40% in many areas of the country instead of the 20% (active duty) or 25% (retired) as is the intent of Congress. Since so few doctors will accept CHAMPUS assignment, beneficiaries must pay up front, file complicated claim forms and in many cases wait up to 2 and 3 years for reimbursement. MILITARY FAMILIES CANNOT AFFORD TO USE THE CURRENT CHAMPUS SYSTEM. Consequently, many military families have no access to health care at all.*

CHAMPUS Prime, a part of the CHAMPUS Reform Initiative (CRI), is a voluntary enrollment program that will be offered to CHAMPUS eligible beneficiaries. It will emphasize primary care. In addition, an enhanced feature of CHAMPUS Prime will be the availability of preventive care which is not now covered by CHAMPUS, and is unavailable to adult family members in an MTF. The beneficiaries enrolled in CHAMPUS Prime will no longer be subject to the normal CHAMPUS deductible, copay or paper work. Instead there will be a nominal charge per-visit. This charge will not apply to pay grades below E-5.

Another part of the CHAMPUS Reform Initiative, the Health Care Finder, will be designed to improve beneficiary access to primary care and other services. It will ensure optimal utilization of MTF facilities and resources, and improve patient continuity of care. If appropriate health care services are not promptly available at the MTF, the health care finder shall refer the beneficiary to an appropriate source of care in the civilian sector.

Coordination procedures to assure balanced workloads will be established through agreements with the Commander of each MTF. According to Dod's Request for Proposal (RFP) for Champus Reform, "Such agreements shall, at a minimum, provide a mechanism to reallocate workloads whenever the MTF commander notifies the contractor that MTF facilities and/or personnel are underutilized."

According to the RFP on CHAMPUS Reform, "The contractor shall establish health care finder mechanisms to provide year-round, 7 day per week, 24 hour access *including telephonic access to information and advice about options for receiving care. The contractor shall establish a system(s) with sufficient resources to assess effectively the urgency of a patient's complaint and to facilitate a referral or appointment within a medically appropriate amount of time. The contractor shall also establish mechanisms to refer the beneficiary to an on-call physician for consultation as appropriate."*

In other words, the young mother, whose husband is deployed or on maneuvers, and whose family support system is hundreds of miles away, will have a qualified health care professional to call if she thinks her child may need medical attention. With proper telephonic medical advice, a visit to the doctor's office may not be necessary. NMFA supports this type of utilization control, a far superior form of utilization control than presently exists.

NMFA URGES IMMEDIATE IMPLEMENTATION OF THE CHAMPUS REFORM INITIATIVE (CRI).

The implementation of "user" fees will impact most on those who can least afford medical care. It would create beneficiary confusion as they move from a test area to a CRI area to an area not involved in either program. Historically, the proposed implementation of "user" fees has produced a large and vocal protest from the beneficiary population. It is not a fair or proper utilization control technique. NMFA URGES THAT THE TEST OF "USER" FEES DIRECTED BY THE PRESIDENT NOT BE IMPLEMENTED.

A family's housing decision is a major one, affecting both its finances and its quality of life. The percentage of married service members has risen a dramatic 16% since 1983. At present, 60% of the enlisted personnel and 75% of officer personnel are married. Conversely, the availability and affordability of family housing has decreased.

It is unrealistic to assume that federally financed military housing can solve this problem. However, as more and more military families seek housing in the private sector, they are assuming 20% of their housing costs, not the 15% that was the intent of Congress. The current Variable Housing Allowance (VHA) freeze will add substantially to their family's out-of-pocket costs. Families in high *cost of living areas are particularly hard hit, and the mandated extension of tour length further exacerbates the problem in these situations. It is not unusual for a service member to endure three hour commutes in order to afford housing for his or her family. Involuntary family separations have increased because the current level of compensation is inadequate.*

The VHA offset is an extreme irritant to military families and is in actual fact a monetary penalty for good financial management. Single parent families, in an attempt to offset the high cost of housing and child care, share living quarters. Families who have struggled for years to retain a house in an area where they can reasonably expect to again be assigned, find that they are penalized for their foresight and sacrifices.

NMFA FULLY SUPPORTS THE REQUESTED RAISES IN VHA RATES OF 3.4% IN FY88 AND 3.5% IN FY89 AND THE REPEAL OF THE VHA OFFSET.

The military family continues to bear a large share of the costs of PCS moves. The tremendous number of loan applications to Army Emergency Relief, the Air Force Aid Society and the Navy Relief Society attest to the debt families incur with each transfer. Surveys show that $2.00 out of every $3.00 spent on a PCS transfer comes out of the military family's pocket. The Temporary Lodging Entitlement (TLE) is only funded for personnel at the pay grade of E-4 and below. The need for this allowance was recognized by Congress in 1983 when the TLE was first authorized. That need has increased, not decreased. Should our service members and their families continue to subsidize their government ordered transfers? NMFA STRONGLY URGES FULL FUNDING OF THE TLE FOR ALL SERVICE MEMBERS.

Spousal employment is of primary importance to military families. The median income for military families with children is below that of civilian families, yet the military spouse contributes more to the family income than does her civilian counterpart. Forty-four percent of military wives are now working to offset their family's rising expenses. However, the unemployment rate for military spouses is 10% greater than for civilian spouses. NMFA is grateful for this Committees' support of the civil service hiring preferences for military spouses. NMFA also applauds the services for providing employment counselors at many of their Family Support/Service Centers. More needs to be done. Lowering the civil service preference level would enable many younger wives to more successfully compete for jobs.

Affordable, available, quality child care is extremely important to spousal employment as well as to single parent families. Half of all enlisted families and 40% of all officers' families have children under the age of six. The recent Army and Navy initiatives to support home based child care on military installations is an important aid to both the child care situation and spousal employment.

While much of the stateside education of military children is not in the direct purview of this Committee, the education of their children is a priority for military families. The search for quality education for their dependents often affects the housing decisions of service members and has a direct effect on the family's level of satisfaction with a duty station. The decrease in Impact Aid funding negatively impacts on quality education. The mandated turnover of all Section 6 schools may also detrimentally affect the education of military children, as well as create undesirable tensions with the local civilian community. Military children enrolled in Department of Defense Dependent Schools (DoDDS) should be assured of an education and facilities that are comparable to stateside schools. Their educational opportunities should not suffer because of their parents' service to our country.

Commissaries are a crucial part of indirect compensation, with savings of 20 to 25% available to the military family. They are also an invaluable part of the social and community fabric of the military lifestyle. NMFA OPPOSES THE TEST OF PRIVATIZATION OF COMMISSARIES.

NMFA is particularly concerned with the Navy's Homeporting program. The majority of sailors assigned aboard ship are young, therefore their families are young. To transfer these families into an area without adequate family support including housing, medical care and quality education would be disastrous. These ships do not remain tied to the pier, but deploy for long periods of time, *leaving behind young, "temporary" single parent families. NMFA cannot express its concern for this situation too strongly.*

Assistant Secretary of Defense Cox has stated that it takes 4 or 5 new recruits and 12 years of training to replace a non-commissioned officer who leaves the service in his twelth year. Substantially more than half of the active duty force is married. The retention decision of a married service member is a family one. Decreasing family compensation will result, and some indicators reveal that it already is resulting, in the military family deciding to "vote with its feet." Is this not an expensive alternative to adequate direct and indirect military family compensation?

STATEMENT OF THE
AIR FORCE SERGEANTS ASSOCIATION

Mr. Chairman, and distinguished members of the subcommittee, thank you for the opportunity to present the views of the Air Force Sergeants Association on issues that could adversely affect Air Force enlisted personnel and their families.

We have experienced numerous changes and witnessed many proposals within the last two years to the military compensation system. Some have been good, but others are having a drastic demoralizing effect on the enlisted force. As you may well remember, a series of paycaps coupled with reduced entitlement programs drove thousands of expensively trained and highly experienced military careerists into the private sector in the late 1970s. The actions of Congress in the past several years, pertaining to the military tends to drive us down that same course taken in the 70s. We respectfully request this committee to heed the warning signals and correct the situation.

Contained in the 1978 report of the President's Commission on Military Compensation are three assumptions: first, that total compensation should be adequate to attract the necessary number and quality of service members; second, that compensation in the form of benefits is sometimes necessary or advantageous; and third, that the Department of Defense should strive for the least costly mix of benefits and other forms of compensation.

The Fifth Quadrennial Review of Military Compensation, which was published in January 1984, stated that Americans have made the commitment to this kind of service in the past with the understanding -- the assurance of longstanding practice -- that they and their families would be adequately cared for both during active service and after being retired from active service.

The compensation system pay and benefits which support the Uniformed Services Personnel System, its management and "its way of life," must be structured in such a manner that it recognizes the difference between military services and ordinary civilian life-styles. It must have an unusual and extraordinarily durable degree of stability in form and structure, because it is one of the few elements in a service career that can and should be truly stable.

The numerous changes in recent years have undermined the stability, in the military compensation system, with reduced retirement benefits, increased health care costs, and non-availability of health care. Federal agencies', such as the Office of Management and Budget (OMB), continual "sniping" at the military community thereby reducing overall benefits, has become a household concern of the military family. Two classic examples of this are OMB's current recommendations for the Department of Defense to institute a test of the "user fees" and "privitization of the commissaries"!

In the interest of time, we have taken the liberty of including the Air Force Sergeants Association's 1987 Legislative Concerns. These concerns cover the total realm of military compensation issues that we believe need to be instituted or current programs changed to bring the overall military compensation system back to where it needs to be to "head off" another disastrous period for the armed forces and this great nation.

AFSA LEGISLATIVE CONCERNS

MILITARY PAY: Military pay must continue to be fair and equitable and keep pace with the private sector. The pay caps and reduced appropriations of the last years have created a situation where military pay trails the private sector by approximately 10 percent. The current proposals of 4 percent (FY 88) and 4.3 percent (FY 89) would keep the gap between military pay and private sector salaries from widening.

AFSA SUPPORTS:

- Restoring military pay comparability to the private sector level.
- Immediate payment of Basic Allowance for Subsistence (BAS) to all E-5s and above, with follow-up support to include E-4 career personnel.
- Increased Variable Housing Allowance (VHA) to reduce out-of-pocket housing expense for enlisted personnel.

AFSA OPPOSES:

- Any proposal to cap and/or delay annual pay adjustments.
- Any type of offset that reduces the Variable Housing Allowance.

RETIREMENT SYSTEM: The financial security afforded by the military retirement system is the trade-off offered. It enables the Air Force to keep experienced midlevel NCOs and officers at a time when their earning power in the private sector may be considerably higher than what the military will pay them. In return for their commitment and long service, service personnel understandably expect their retirement system to remain in tact.

In volunteering for a military career, these young men and women knowingly surrender many of the personal liberties most Americans take for granted. They are expected to be highly disciplined in a society that places high value on individual freedoms and a society with the highest standards of living and unmatched quality of life.

The fact is, the current retirement system is not "lavish." The typical retiree is a master sergeant who has served 23 years, been relocated seven or eight times, been on at least one remote tour away from his family, and has children ready for college. If this master sergeant retired today, he would earn retired pay of $984 per month. If he stayed to his mandatory retirement point of 26 years, his retired pay would be $1,251 per month. Compare this with the retired pay of the GM assembly line worker -- his new contract will provide retired pay of $1,200 per month, which is almost equivalent to the master sergeant's -- but without the rigors of military life.

AFSA SUPPORTS:

- Return to the original 20-year retirement system.
- Recomputation of retired pay, especially for those members who retired prior to 1968.

- Honoring of all commitments made regarding retirement compensation to those presently serving on active duty and those who have fulfilled their obligation and are presently retired.

AFSA OPPOSES:

- Any proposal that would reduce or delay the annual cost-of-living adjustment which military retirees have earned.

- Reducing civil service disability compensation based on Social Security entitlements or military retirement annunities.

- The Former Spouses Protection Act of 1982, which allows states to regard military retirees' pay as community property and award up to 50 percent of a member's retirement annuity to a former spouse as part of a division of property.

- Any legislation that would provide compensation to an ex-spouse from the military retirees' earned annuity.

- Proposals made by the President's Private Sector Survey on Cost Control (Grace Commission Report) to reduce military retirement pay and entitlements.

AFRES AND ANG: The reserve components are key elements of the Total Force. The over one million members of the Selected Reserve represent a body of highly trained and skilled professionals whose sense of duty and demonstrated abilities are among the cornerstones of our national defense posture.

Reserve components today constitute 44 percent of the tactical and mobility force structure and 19 percent of auxiliary support structure capability of the United States based on validated peacetime workloads. Reserve component strength will increase over the next five years at a rate almost three times that of the Active Forces. In the event of a conflict, the individuals and units of the Guard and Reserve will deploy with the Active Forces. Current mission assignments demand that many units be as fully capable, and as professional, as their Active Component counterparts.

AFSA SUPPORTS:

- Increase military leave policy for civil service employees who are also participating in Reserve Force programs.

- Congressionally mandated Reserve Forces military leave policies will protect vacation entitlements for private sector employment while members perform active duty commitments.

- Legislation to authorize retirement eligible ANG and Reservists immediate authorization to utilize base exchange and commissary stores and other earned entitlements such as space available transportation on MAC flights currently not available until age 60.

- Increasing the present ceiling of sixty annual retirement points.

- Immediate retirement annuity for Reserve Forces personnel who become totally disabled and are otherwise eligible for retirement.

AFSA OPPOSES:

- Any educational assistance program that does not include provisions for Reserve Forces.

- All proposals to reduce or eliminate enlistment or re-enlistment bonuses for the enlisted Reserve forces.

PCS AND TDY ALLOWANCES: The lack of adequate PCS and TDY reimbursements is one of the most critical personnel issues facing the Air Force today. Although Congress has authorized an increase in the PCS mileage allowance, it is still not enough to offset the out-of-pocket expenses incurred by the enlisted members.

AFSA SUPPORTS:

- Increasing PCS mileage allowance.

- Increasing the household goods weight allowance for all enlisted personnel.

- Funding four (4) day Temporary Lodging Allowance for all members.

- Repeal of the FY 1987 DOD Appropriations Act, which requires enlisted members to forfeit a portion of their Basic Allowance for Subsistence (BAS) during PCS and TDY travel.

AFSA will continue to seek support and speak out in favor of increased household goods weight allowances.

COMMISSARY STORES: Next to the military retirement, the commissary benefit is the most important element of the compensation package and is critical for retaining highly skilled individuals. When an individual retires, the commissary is no longer a benefit but rather becomes an earned entitlement.

AFSA SUPPORTS:

- The present military commissary system.

AFSA OPPOSES:

- The President's Private Sector Survey recommendation to close or turnover all CONUS commissaries to private enterprise.

- Legislation designed to prohibit military retirees and their dependents from utilizing commissary stores.

- Any proposal to eliminate the DOD subsidy to support the commissary system.

- Any attempt by Congress or the DOD to institute a "Variable Pricing Index" on products in the commissary sales stores, or state or local tax to selected items.

MEDICAL AND DENTAL: The 100th Congress continues to hold hearings on health care of military and Veterans Administration (VA) facilities and entitlements. With the higher costs of medical care, the DOD has looked into "CHAMPUS" reform. All health care costs are on a "runaway" mode, headed for disaster if not curtailed. Although progress has been made in several areas, we must continue to improve the health care entitlements for active duty personnel, retirees and dependents.

AFSA SUPPORTS:

- Improving CHAMPUS payment policies to adequately cover all medical expenses for active duty dependents, military retirees and their dependents.

- Expansion of military, or other, facilities in areas that have large military retiree populations.

- Legislation to permit military retirees to remain under CHAMPUS after age 65.

- The active duty dependent dental care program.

AFSA OPPOSES:

- Any reduction in health or dental care or its quality.

- Any "User Fee" concept imposed on military dependents or retirees and dependents for use of the military medical facility.

SURVIVOR BENEFIT PLAN (SBP): When President Reagan signed the FY 86 Department of Defense Authorization Act, major changes in the SBP were enacted with an effective date of March 1, 1986. The most significant change was the elimination of the Social Security offset.

AFSA SUPPORTS:

- DOD authority to permit the surviving spouse of military retired personnel to retain space available military air transportation to overseas locations.

- Legislation to provide SBP coverage to surviving spouses whose military spouse died prior to establishment of the program in 1972.

THE NEW G.I. BILL: The New G.I. Bill became effective July 1, 1985, and is scheduled to run through July 1, 1988. The bill includes educational pay for reservists. The Secretaries of the Army, Navy and Air Force have all stated the New G.I. Bill is a great recruitment incentive and suspension of the program would have a serious impact on recruiting quality people.

AFSA SUPPORTS:

- Making the New G.I. Bill a permanent law.

- Reducing the monthly payment to $60 and spreading payments out over a 20-month period.

- Refunding the deposit to the member if he or she decides not to utilize the New G.I. Bill after separation from the service. Also, if the service member should die, the monies he/she contributed should be refunded to the beneficiary.

- Elimination of the December 31, 1989 deadline for utilization of the Vietnam Era G.I. Bill benefits.

AFSA OPPOSES:

- Office of Management and Budget (OMB) recommendation to discontinue the New G.I. Bill and return to the Veterans Educational Assistance Program (VEAP) which would exclude educational pay for reservists.

- Transfer of the funding for the New G.I. Bill from the Veterans Administration to the Department of Defense.

DEATH GRATUITY PAYMENT:

AFSA SUPPORTS:

- Increasing the payment for six months' base pay or $3,000, whichever is greater, to a level that would compute payment on a basis of three months base pay and all allowances with a minimum of $3,000 and a maximum of $9,000 to assist survivors of active duty members in meeting financial obligations.

VA BENEFITS: Representative Michael Bilrikis (R-FL) has introduced legislation (H.R. 303) which would eliminate the discriminatory offset between military retirement pay and Veterans Administration (VA) disability compensation. Currently, when a member of the armed forces retires and has a VA-approved service-connected disability, the retirement pay is reduced by the amount that VA allows for disability compensation. H.R. 303 would amend Section 3104 of Title 38, United States Code, to permit service-connected disabled veterans who are retired members of the armed forces to receive VA compensation concurrently with retired pay, without deduction from either.

AFSA SUPPORTS:

- Discontinuance of the offset to military retired pay when a member is entitled to VA disability compensation.

AFSA OPPOSES:

- Any reduction in funding to improve VA facilities.

POWs/MIAs: Retired Lt. General Eugene Tighe, former Defense Intelligence Agency head, has publicly charged that "good reports" of live U.S. POWs in Southeast Asia are being systematically and unjustifiably discredited by those in charge of the POW effort. Yet according to an ABC news poll, 73 percent of the American people believe that U.S. servicemen are still being held against their will in Southeast Asia and there have been literally hundreds of sightings of live POWs since 1973. On January 28, 1983, President Reagan declared that the POW/MIA issue is "the highest national priority." In answer to the president's call and in the belief that the United States has a moral obligation to at long last, account for our POWs/MIAs.

AFSA SUPPORTS:

- The administration's efforts to determine whether live U.S. POWs remain in Southeast Asia.

AFSA OPPOSES:

- Any attempt to stop the investigation for a full accountability of the POWs/MIAs.

SOCIAL SECURITY BENEFITS: Legislation has again been introduced (H.R. 121) to correct an inequity in the unforeseen result of the Social Security amendments passed by Congress in 1977. The origin of the notch crisis is a 1972 law that indexed Social Security benefits to inflation. No problem with that procedure, because Congress approves annual cost-of-living adjustments to offset inflation, but in the years that followed 1972, the table that was used to calculate a recipient's initial benefit in the first year of retirement also reflected all of the inflation adjustments from 1972 forward. As a result, Social Security benefits started to rise more sharply than Congress had ever intended. Projecting into the year 2000, many retirees would be receiving an initial Social Security benefit equal to or more than they were earning at the time of retirement, thus costing hundreds of billions of dollars and requiring substantial tax increases. During the floor debate which preceded the 1977 vote, members of Congress were assured that a 5 percent reduction rate would stabilize future recipients replacement rates. Unfortunately, that projection has not been realized for those persons born during 1917-1921 and attained retirement age 62 beginning with the year 1979. These persons are known as "Notch Babies," due to the notch in the Social Security law. Simply because of their birthdates, they are receiving as much as 20 percent less than their friends with similar work histories.

AFSA SUPPORTS:

- Proposed legislation (H.R. 121) to correct the Social Security inequity.

APPROPRIATED FUNDING FOR MORALE, WELFARE AND RECREATION (MWR) PROGRAM: Congress has directed that appropriated funds in support of revenue-generating activities be reduced throughout FY 1987 and, after September 30, 1987, no appropriated funds may be used to support the MWR revenue-generating activities located in large metropolitan areas. The value of current MWR programs cannot be over-emphasized. They are sound and vitally essential to the quality of life of our members and their families, and more important, the MWR programs directly impact on mission readiness.

AFSA SUPPORTS:

- Restoring total appropriated funding of MWR programs at all military installations.

* * * * *

Senator **GLENN**. We stand in recess, subject to the call of the Chair.

[Whereupon, at 4:45 o'clock, p.m., the subcomittee recessed, to reconvene upon the call of the Chair.]

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